

CITY OF EL DORADO

El Dorado, Kansas

Comprehensive Annual Financial Report



YEAR ENDING DECEMBER 31, 2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT
of the
CITY OF EL DORADO, KANSAS

for the
Year Ended December 31, 2017

Mayor
Vince Haines

Commissioner Kendra Wilkinson
Commissioner Gregg Lewis
Commissioner Nick Badwey
Commissioner Chase Locke

City Manager David Dillner

Prepared by
Department of Finance
Tammy Schaffer
Finance Director

CITY OF EL DORADO, KANSAS

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FINANCIAL REPORT

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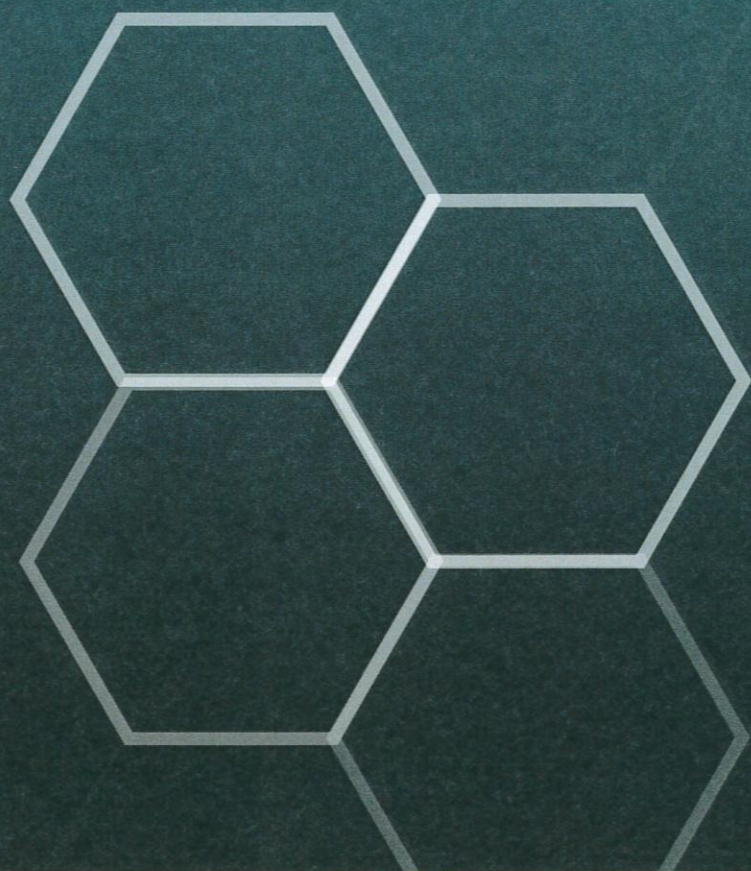
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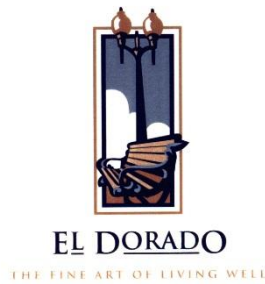
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Introduction Section





June 20, 2018

Honorable City Commission and Citizens of El Dorado:

The City of El Dorado, Kansas finished the year ended December 31, 2017 with an aggregate net position of \$38,399,410 compared to an aggregate net position of \$38,176,062 at year ended December 31, 2016. This information is meaningless unless we consider its purpose. The ultimate goal of the City's financial statements is to determine whether the City is financially healthy.

This past year, the City's financial health was not in the best of conditions. Several funds were experiencing depleting reserves as such funds were spending more than was coming in from revenue sources. The City was not making the tough decisions necessary to resolve the underlying structural trend. Further complicating matters, the City had been facilitating this spending habit for a few years.

As I mentioned in last year's report, financial health for a municipality is defined as a local government's ability to deliver the public services its residents expect, with the resources its citizens provide, both now and in the future. Despite the financial situation the City found itself in, I confidently say that the actions taken by the City during 2017 will put the City's finances back on track to success without greatly undermining the public services the community has come to rely on.

The last year has been one of difficult decisions for both the governing body and staff. We have taken on this challenge and have placed the City in a much better position for the effort put in by all parties. I am truly grateful for the hard work everyone has done to develop and implement the 2017 budget. The financial statements contained with this letter will provide you the financial information you need to better understand the City's financial condition. I hope the information will enlighten you.

WHAT THE CITY HOPES TO ACCOMPLISH

The City's financial statements must provide the general public with enough information to determine whether the municipality will continue to provide public services, at a price residents are willing to pay, in the near- and long-term time horizons. The City hopes to provide sufficient information to allow the public to confidently trust its ability to meet the public's needs.

This task is further complicated by these facts: 1) tastes and preferences change; 2) time moves on without missing a beat; and 3) the City cannot control the uncontrollable. There are many factors that the City, and its elected and appointed officials, simply cannot affect. Even so, successful management and staff are able to use the available resources to continue providing services at a level that meets or exceeds the public's demands.

HEADWINDS AND TAILWINDS (Discussion of major issues affecting local government)

As with any organization, the City of El Dorado operates in an environment that is subject to the ebb and flow of various factors. Such factors affecting the 2017 financial statements include, but are in no way limited to the following:

Continued Fiscal Pressure. As previously mentioned, several of the City's primary funds were operating with structural deficits, meaning the City was spending more from these funds than the annual revenue being brought in during the year. In some cases, the practice of "spending down reserves" could have been strategic. In others, it was likely caused by loose budgeting that would be managed throughout the year.

There are few options for addressing structural deficits: 1) increase revenues; 2) decrease expenses; or 3) do a combination of both. While staff may prefer more revenue in lieu of further spending reductions, the political realm we work in must acknowledge an invisible price of government that may not be surpassed from the taxpayer's perspective. Thus, the City Commission took actions that both increased revenues and decreased expenditures. This formula allowed the City to maintain public services to the greatest extent possible, while recognizing that new revenues would quickly correct the trend and allow the City to reinvest in its infrastructure and service delivery.

The City, like many governments, operates in an environment of perpetual fiscal constraint. The primary reason is economic; scarce resources cannot address the seemingly infinite challenges facing society. Government spending is merely a reflection of the public's priorities for these resources. The resources available to government are also not growing at a rate that allows more to be done. It is rare that the public sector obtains a 15% rate of return on its investments. Infrastructure and public services rarely yield double digit growth rates, and if so, only for short periods of time. The needs, however, do not stop and seem to compound themselves. The divergence between available resources and public demands create the fiscal pressure that the City must work through each and every year.

Rising Health Insurance Costs. The City's employee health insurance plan increased in cost by 6.5% for the 2017-18 plan year, which represents an increase of about \$63,500. The Public Works Department gave up one maintenance worker position for the year and the City discontinued its wellness program, which was previously paid for out of the self-insurance fund, to absorb the increase without directly affecting the employees. The City has taken proactive steps to manage its health insurance costs over the last few years by increasing premiums, deductibles, and maximum out-of-pocket expenses. Conversations about these continue throughout the year to prepare for upcoming increases.

Salaries and benefits comprise the main ways a company or government can attract quality employees. As a government entity, salaries of the City are typically lower than the private sector equivalent but the City's health insurance plan helps bridge the gap for employees. The benefit of the health insurance plan is attractive for those who desire a career in public service while still desiring a quality benefits plan. The City would likely have a more difficult time recruiting qualified (and quality) employees without having the combination of salary and benefits currently offered employees.

Underfunded Public Pensions. The City of El Dorado participates in the Kansas Public Employees Retirement System (KPERS) for its post-employment retirement benefits. Employees of the City are required to participate in KPERS, and the City is required to contribute to KPERS on employees' behalf. Recent changes to state law require the City to publish in its financial statements the current and future

liability associated with the unfunded portion of KPERS attributed to the City. The City's unfunded pension liability as December 31, 2017 totaled \$7,741,878 compared to \$7,980,756 from a year ago. The pension liability may be subdivided as follows: KPERS at \$3,608,956, Kansas Police & Fire (KP&F) at \$3,929,095, and the Library's participation in KPERS at \$203,827.

Recruitment Challenges. Recruitment is perhaps the most critical challenge to the City's current level of service, and 2017 was no exception. During the year, the Police Department, Public Works Department, and Public Utilities Department experienced challenges in filling vacant positions. It goes without saying that people are the City's most important asset because in a service-oriented government, people provide services directly to citizens.

Some of these challenges were likely caused, at least in part, by external factors outside of the City's control. The riots and unrest in Ferguson, Missouri and other communities changed the national landscape for law enforcement. What was once considered a noble trade seemed to lose credibility with the general public throughout the nation. As a result, interest in serving as a police officer seemed to wane as young people considered different options for a career. The City's application pool for new police officers went from being in the hundreds to barely reaching twenty.

Other departments, like Public Works and Public Utilities, are having a more difficult time finding qualified candidates who want to work. These positions require a certain type of individual who enjoys working outdoors in an environment similar to construction. The City's wages may not be as competitive as the private sector, which pushes laborers to jobs beyond the public sector.

In departments that have experienced a tougher recruiting environment, the City has taken a more proactive approach and has tried many different and innovative ways of reaching out to prospective employees. Job fairs, Facebook advertisements, and face-to-face recruiting are just some of the ways departments are working to recruit the next generation of employees. The City is also reviewing its pay plan to determine if adjustments are necessary to compete with the private sector.

Property Tax Lid. During the 2016 legislative session, the Kansas Legislature passed and the Governor signed a bill that established a limit on the City's ability to raise ad valorem property taxes. The City is now limited to increasing its mill levy, or rate of taxation on real property, to the Consumer Price Index. The legislation became effective July 1, 2016, and first applied to the City's 2017 budget and subsequent future budgets.

The property tax lid is not ideal, although cities throughout Kansas have had a year to adapt to its implementation. The City was able to increase its mill levy by about five mills (which generated about \$420,000 in new revenue) to provide much needed revenue to the General Fund as a means of addressing some of the financial challenges previously discussed. A property tax increase is highly unlikely in the near future, especially considering the property tax law. The City will see some relief in the form of maturing tax abatements that will increase the overall tax base. Indeed, over the next decade these expiring abatements will increase the City's tax base by about \$33.8 million, translating into about \$406,000 in new property tax revenue at the present mill levy.

RESTRUCTURINGS AND/OR MAJOR ORGANIZATIONAL CHANGES

In the short time that I have been employed by the City of El Dorado as City Manager, I have observed the organization and feel that there are several opportunities that would allow it to operate more efficiently and effectively. While restructuring events are often lipstick for management's unwillingness to address more problematic issues within an organization, careful consideration has brought the conclusion that restructuring in certain instances will benefit the organization and the general public the City is charged with serving. Ideally, the general public will not even notice any changes in the service delivery.

The Prairie Trails Golf Course was placed under the management of the Parks and Recreation Department. Golf is a form of recreation that some prefer over other forms of recreation, and therefore it made sense to move the golf course under the direct supervision of the Parks and Recreation Department instead of reporting directly to the City Manager. Prairie Trails still receives some financial assistance from the General Fund and is attempting to develop a business plan that will allow the golf course operations to break-even in the next few years.

The human resources function is now managed by a committee, with a Human Resources Specialist handling the daily responsibilities of organizing the City's internal personnel services. While not ideal, this method of administering the human resources of the organization allows a brain trust to review and discuss options before making decisions that affect personnel within the organization with the goal of minimizing the opportunity for missteps. The change is primarily the result of financial circumstances the City continues to negotiate. The City's ultimate goal is to hire a full-time Human Resources Director when sustainable resources allow.

GOOD NEWS, BAD NEWS

There is always good and bad news that may be discovered when looking at a municipality's financial statements. Many local governments, however, will require readers to do the work of searching for the bad news while disclosing the greatness of the organization. In the interest of full disclosure, current management is of the opinion that citizens (and investors of the City's bonds) are entitled to a transparent discussion of the City's financial condition without requiring a degree in accounting or public finance.

To that end, the City has been operating a structural deficit in several of its operating funds for the last several years. The good news is that the City is in the process of developing a plan to remedy the situation and "right the ship." Changing a government's spending habits can be a challenging task, and one that should not be taken lightly or without much thought. Throwing darts at a dart board with your eyes closed may allow you to hit a target, but you may not hit the target you intended.

The City has revised its operational budget for 2017 by decreasing proposed expenditures by approximately \$1.3 million. An additional \$0.5 million has been reduced from the proposed 2018 budget. Expenditure reductions include, but are not limited to:

- Modification of legal services contracts for the City;
- Deferring major capital projects and replacement of vehicles and equipment;

- Closing unfilled, vacant positions that were included in the budget but not offset with a revenue source;
- Reduction of various transfers from various funds one fund to another;
- Changing the way various positions were allocated across funds of the organization;
- Reducing hours of operation at the municipal pool and activity center, and closing the operation of the Prairie Trails Golf Course pool; and
- Discontinuing the mosquito spraying program.

In addition to expenditure reductions, the City is also looking at opportunities to increase revenue to fund increases in the cost of service delivery. The City Commission increased the readiness-to-serve fees for both water and sewer utilities to increase revenues to offset debt obligations in these utilities. Court costs were also increased to recover the City's expenses in administering Municipal Court. Other sources of revenue are being reviewed and may be considered if determined to be feasible options to generate revenue. The City is also undertaking a review of all of its existing fees and making adjustments that will bring in additional dollars.

The task at hand has not been an easy one, although staff has been very cooperative and willing to consider the options.

The City is required to provide language in its transmittal letter, included with its Comprehensive Annual Financial Report ("CAFR") that explains the policies and controls designed to ensure the City's stewardship of public assets. I will briefly discuss these items in this next section of the letter.

The Comprehensive Annual Financial Report of the City of El Dorado, Kansas, for the year ended December 31, 2017, has been prepared for the review of the governing body, citizens, and other interested in the financial condition of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Staff believes the data as presented is accurate in all material respects and that it is presented in a manner designed to fairly represent the financial position and results of operations of the City measured by the financial activity of its various funds. Disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to warrant that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. Management believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Generally accepted accounting principles, also known by the abbreviation GAAP, require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (also referred to as MD&A). This

Letter of Transmittal is designed to complement the MD&A section, and should be read in conjunction with it. The MD&A section of the report may be found immediately following the report of the independent auditors.

INDEPENDENT AUDIT

State statutes require an annual audit of the books of accounts, financial records and transactions of all departments of the City be performed by independent certified public accountants. Berberich Trahan & Co., P.A., conducted an independent audit of the City's financial statements, and their opinion has been included with the financial statements. Interested persons are encouraged to refer to their opinion in reviewing the City's financial statements.

RELEVANT FINANCIAL POLICIES

The City of El Dorado's "General Financial and Budgetary Policies," adopted by Resolution No. 2849, are posted on the City's website. These financial policies provide the framework with which the City is working to resolve the financial challenges discussed earlier, and will provide readers with a better understanding on how the City will manage its finances differently than in the past. There were no changes to these policies during the year.

ECONOMIC CONDITION AND OUTLOOK

Private Sector Investment:

The City of El Dorado continues to maintain a positive investment environment in the private sector. BG Products, Inc. committed to the construction of a \$24.2 million warehouse and distribution center in El Dorado. The project will commence construction in 2018, and is expected to create fifteen jobs when completed. Pioneer Balloon Company committed to a \$10.0 million expansion of its El Dorado facility that is expected to begin in 2018. The company expects to create fifty-three jobs as a result of the investment.

The City established two Community Improvement Districts (CIDs) to assist with the renovation of anchor hotels in the community. The seventy-three room Red Coach Inn, owned and operated by HRSP LLC, obtained a 2% CID sales tax to finance a \$1.1 million renovation. The sixty-three room Holiday Inn, owned and operated by Central Kansas Properties, also obtained a 2% CID sales tax to finance a \$1.1 million renovation. Both projects will be completed in 2018.

The City also established a CID to assist with the financing of a \$1.89 million renovation and expansion of 20,000 square feet of retail space owned and operated by Gumwalt Zuffey Properties, LLC. The overall project is expected to create about ten new jobs.

Other new construction included a \$0.35 million investment by the Commercial Investment Group and \$0.16 million in storage units owned and operated by Eddie Dean. Vintage Bank also renovated its El Dorado branch with an investment of \$0.35 million that will result in the creation of about five new jobs.

While not private sector investment, Unified School District No. 490 has undertaken a significant investment in its school facilities. The School District committed \$32.3 million to construct two new elementary schools to replace facilities that were originally constructed in the 1950s. Construction started on these facilities in 2017, and the buildings will be completed and ready for school in August 2018. The School District also committed to the conversion of a former school building to a renovated performing arts building to serve the community.

In 2017, the City experienced private development activity that contributed \$39.2 million in valuation. Six building permits were issued for new commercial development with an aggregate valuation of \$26.5 million, compared to five new commercial developments in 2016 with a valuation of \$5.7 million. In 2017, the City issued twenty-six building permits for commercial additions, remodels, and repairs with a valuation of \$8.4 million. Comparatively, the City issued twenty-three building permits for similar activity with a valuation of \$1.7 million in 2016.

The City issued twenty residential building permits for new construction with a valuation of \$3.8 million. The City issued nine building permits for new residential construction in 2016 with a valuation of \$1.9 million. Sixty building permits were issued in 2017 for residential additions, remodels, and repairs, with a valuation of \$0.60 million. In 2016, ninety-four building permits were issued for the same activity with a valuation of \$0.84 million.

To assist the development of moderate income housing, the City applied for and received a \$190,000 Moderate Income Housing grant from the Kansas Housing Resources Corporation. The program will provide first-time homebuyer down payment assistance and financial assistance to developers building new residential properties meeting moderate income requirements.

The City also hosted several prominent events that contributed to the local economy. BG Products Veterans Stadium hosted the Kansas Shrine Bowl, Drums Across Kansas, and an AAU regional track meet. The economic impact of these three events is estimated at \$1.4 million in direct and indirect benefits as well as \$18,740 in local sales taxes and hotel guest taxes. The Dam Music Festival was also hosted at El Dorado Lake, providing a unique music experience in El Dorado. The City, and its various partners, continue to look for ways to bring more events to the community.

Public Sector Investment:

The City decreased its investment in public infrastructure during 2017 primarily to help shore up several funds as a temporary strategy to strengthen the City's financial condition. In 2017, the City invested \$2.9 million in various public infrastructure projects compared to \$4.2 million in 2016. These projects include:

- 12th Avenue Mill and Overlay Project from Main Street to the city limits (\$203,672);
- Central Avenue Resurfacing Project from Jones to Summit (\$150,958);
- Haverhill Resurfacing Project to School (\$178,776);
- Overlay of Walnut Valley Cemetery and Sunset Lawns Cemetery roads (\$93,625);
- Airport Parking and Road Mill and Overlay Project (\$61,126);
- North Haverhill Widening Project (\$51,698);
- Sanitary Sewer Extension Project (\$420,294) and Country Club Road Extension Project (\$1.29 million) to support the new Grandview Elementary School currently under construction;

- Construction of the 18-hole El Dorado Disc Golf Course at Legion Park (\$65,000);
- Acquired a building for a new Parks Department maintenance building (\$209,000);
- Engineering Department Solar Lighting Project (\$18,000); and
- Refuse Truck Acquisition (\$189,935).

In addition to these major projects and acquisitions, the City completed various maintenance projects throughout the community.

RECOGNITION

It goes without saying that a municipal government cannot operate and provide public services without a dedicated workforce. The financial statements merely articulate the numbers associated with the provision of such public services; the employees of the City work each day towards the task of serving the public in a myriad of different ways that ultimately make El Dorado a great place to live, work, and play. On behalf of the City, I am extremely appreciative of their hard work and effort in making El Dorado a great community. Department Directors and supervisors are also commended for their efforts in managing the daily activities of the municipal government.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Dorado, Kansas for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the fortieth consecutive year that the municipal government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a municipal government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. It should also communicate the City's financial condition in a manner that allows the public to understand such condition and affirm the City's spending meets prudent standards and public expectations.

The Certificate of Achievement is valid for one year period only. The City believes that the comprehensive annual financial report for year-ending December 31, 2017 continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA for consideration for another certificate.

Respectfully Submitted,



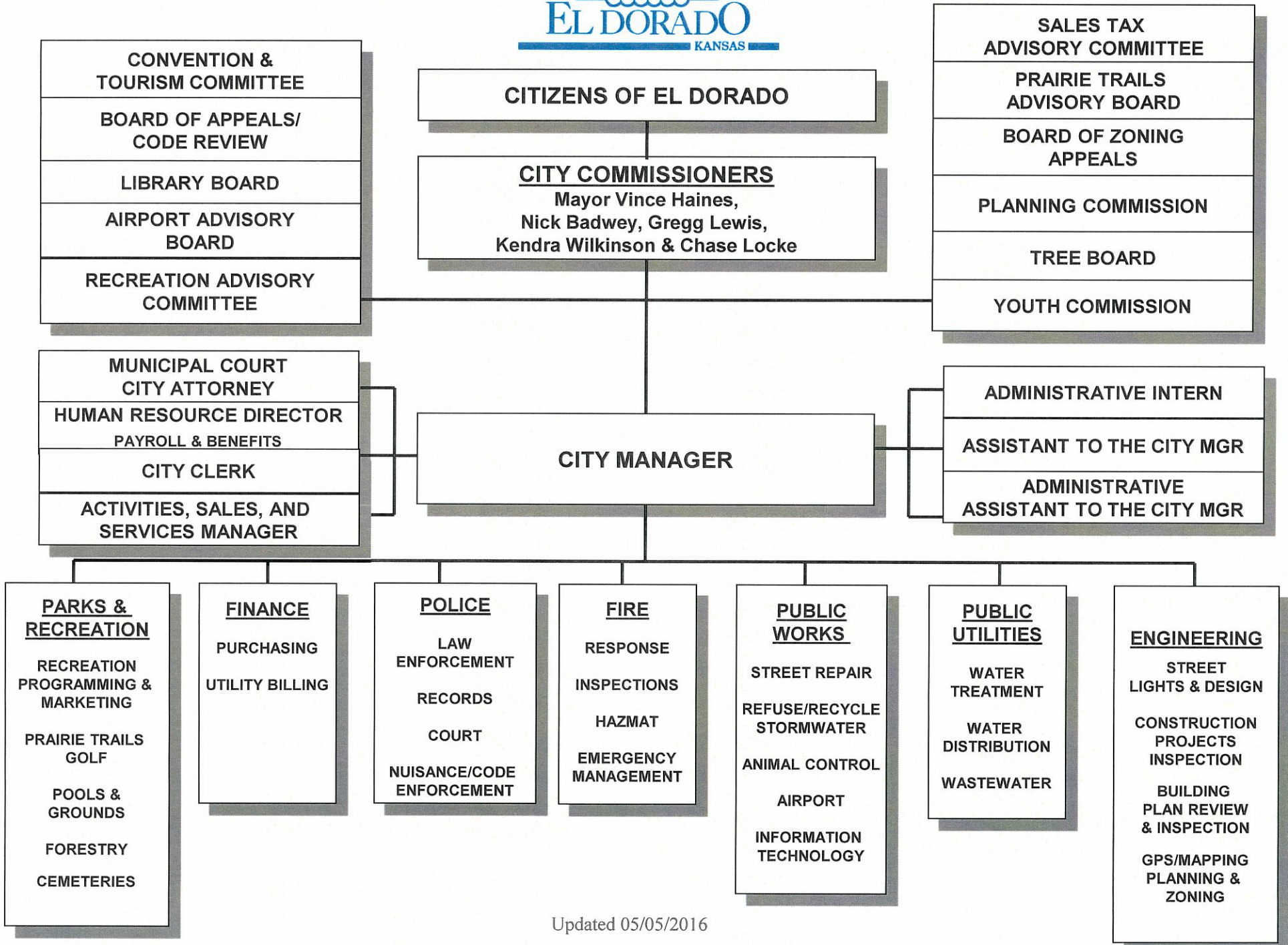
David B. Dillner
City Manager



Tammy Schaffer
Finance Director



XI





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of El Dorado
Kansas**

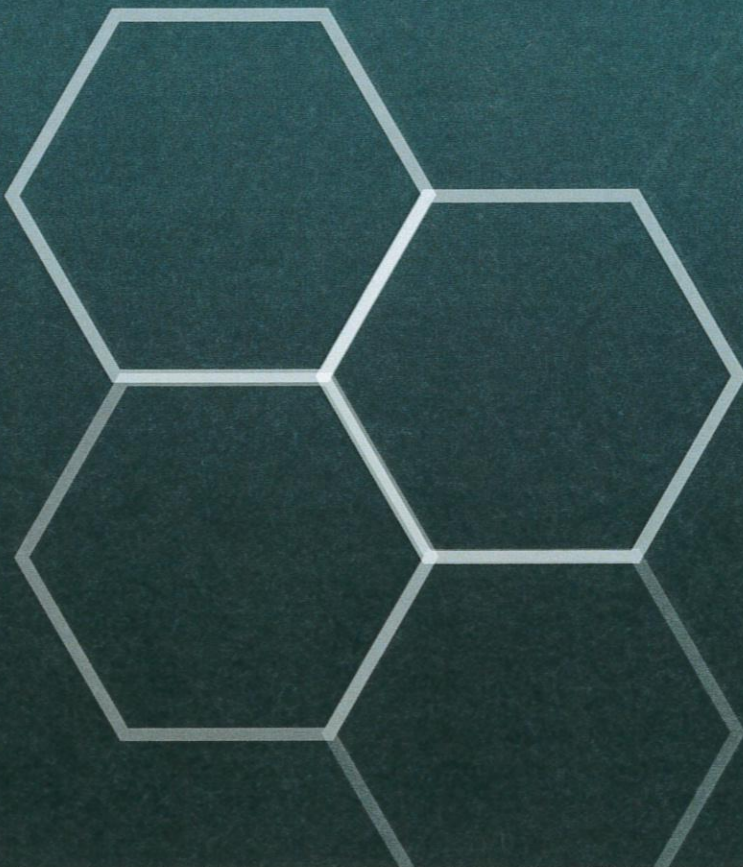
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

Financial Section





BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Commissioners
City of El Dorado, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Dorado, Kansas (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements have been restated to correct a misstatement from the prior year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules listed under supplementary information in the accompanying table of contents and other information including the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules and statements listed under supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Berberich Trahan & Co., P.A.

June 20, 2018
Topeka, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report contains an overview and analysis of the City of El Dorado's financial statements and activities for the fiscal year ended December 31, 2017. The information contained here, as well as the information contained in the letter of transmittal, are intended to provide the reader of the financial statements with an overall picture of the City's financial condition.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements of the City include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements and are essential for the reader's understanding. Other supplementary information is also included at the end of this report to provide additional information for the reader.

Users of the report have an opportunity to compare the net assets of the City of El Dorado to other entities using the government-wide financial statements. Those users can address relevant issues and broaden the basis of comparison (year-to-year or government-to-government) to enhance the City's accountability.

Government-Wide Financial Statements

Government-wide financial statements present the results of the City's operations using the accrual basis of accounting, the method used by private sector businesses. These statements focus on the long-term financial picture of the City as a whole.

The Statement of Net Position reports all the City's assets and liabilities. Net Position, the difference between assets and liabilities, are an important measure of the City's overall financial health. Over time, the increases and decreases in net position can be monitored to determine whether the City's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the Statement of Activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

The City of El Dorado's Statement of Net Position and Statement of Activities summarize all the Primary Government funds into either governmental activities or business-type activities. Governmental activities include the operations of the City that are generally supported by taxes, such as police, fire, public works, parks, cultural activities, general administration, recreation, cemetery, and industrial development. Business-type activities include water, sewer, refuse, and compressed natural gas utilities, which are self-supporting funds.

The Bradford Memorial Library component unit is also reflected in these statements. Additional information on the component unit may be found in the notes to the financial statements and the financial statements included in the supplementary information.

Fund Financial Statements

A fund is a fiscal entity with a set of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of El Dorado, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. All of the funds of the City of El Dorado can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The City implemented Governmental Accounting Standards Board (GASB) statement number 54 for fiscal year ending December 31, 2012. GASB 54 changes the way fund balances are presented in the governmental fund financial statements.

Governmental fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and other similar items which are recorded when due. The focus, therefore, is on the short-term financial picture of the operations reported, rather than the City as a whole. Most of the City's basic operations are reported in the governmental fund financial statements. The information reported in these statements can be compared to the governmental activities information in the government-wide statements. The reconciliation at the end of the fund financial statements details the relationship between the two types of financial statements.

Proprietary funds fall into two categories: enterprise funds and internal service funds. All proprietary funds are prepared on the accrual basis of accounting. Enterprise funds are used to account for business-type activities. Enterprise fund statements present the same information that is in the government-wide statements for business activities, only in greater detail. The City's water, sewer, refuse, and compressed natural gas services are accounted for as enterprise funds. Internal service funds are used to account for the cost of operations shared by various functions of the City. The City uses one internal service fund to account for its data processing activities. In the government-wide statements, the information for the internal service fund is predominantly presented as part of the business-type activities information.

Fiduciary funds are used by the City to account for resources held by the City for the benefit of a third party. Because the resources of these funds are not available for the City's operation, they are not presented in the government-wide financial statements. The City's fiduciary funds include the Sales Tax Fund, the Payroll Withholding Fund, and the Community Improvement District. The fiduciary funds are combined into one column on the fiduciary fund statement. A combining statement can be found in the supplementary information following the notes to the financial statements.

FINANCIAL ANALYSIS OF THE CITY

Net Position

In accordance with GASB Statement No. 34, following are the combined net position of the City of El Dorado as of December 31:

City of El Dorado, Kansas

Net Position

As of December 31, 2017

(with comparative totals for December 31, 2016)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 16,811,576	\$ 17,373,743	\$ 10,259,662	\$ 9,467,745	\$ 27,071,238	\$ 26,841,488
Capital assets	46,105,186	46,410,013	58,823,565	59,218,317	104,928,751	105,628,330
Total assets	62,916,762	63,783,756	69,083,227	68,686,062	131,999,989	132,469,818
Deferred outflows of resources:						
Deferred outflows - pension	1,259,041	1,498,867	250,095	336,545	1,509,136	1,835,412
Long-term liabilities	22,548,276	24,740,450	65,549,247	65,015,618	88,097,523	89,756,068
Other liabilities	1,998,468	1,453,436	469,139	906,355	2,467,607	2,359,791
Total liabilities	24,546,744	26,193,886	66,018,386	65,921,973	90,565,130	92,115,859
Deferred inflows of resources:						
Deferred inflows - pension	291,275	320,550	82,879	49,875	374,154	370,425
Deferred receivable - Property taxes	4,170,431	3,642,884	-	-	4,170,431	3,642,884
	4,461,706	3,963,434	82,879	49,875	4,544,585	4,013,309
Net position:						
Net invested in capital assets	32,504,209	31,001,068	21,632,458	21,137,164	54,136,667	52,138,232
Restricted	5,618,006	5,776,169	-	-	5,618,006	5,776,169
Unrestricted	(2,954,862)	(1,651,934)	(18,400,401)	(18,086,405)	(21,355,263)	(19,738,339)
Total net position	\$ 35,167,353	\$ 35,125,303	\$ 3,232,057	\$ 3,050,759	\$ 38,399,410	\$ 38,176,062

The City's overall financial position has seen a minimal financial upturn, with an increase in net position of \$223,348. The amount is the combination of an increase in the governmental activities and an increase in the business-type activities. The governmental activities increased slightly by \$42,050 due to the net effect of several items. "Deferred receivable – Property taxes" increased due to the increase in the assessed valuation and the increase of one mill to help with the cost of the Senior Center's cash deficit. "Due to Primary Government", part of "Other Liabilities" increased with the near completion of several projects in the construction fund. The majority of the remaining difference is the decrease in "Noncurrent liabilities" due to no increase in debt.

The net position of business-type activities increased by \$181,298 due to the net effect of several items. Assets increased \$397,165 mainly due to Cash and Short-term Investments. During 2017, the LPL Financial Investments were called and reinvested into CD's. This created an increase of \$207,025. Cash also increased due to the fund balances of the Water and Sewer funds not meeting the new financial policy. These funds were careful to only spend if absolutely necessary to increase the fund balances. Long-Term Liabilities, which include Compensated Absences Payable, General Obligation Bonds Payable, Revolving Loan Note Payable, Water Storage Space Payable, Capital Lease Payable, Net Pension Liability, and Advances from Other Funds increased due to the Water Storage Space Payable on the construction costs associated with future water storage space that is accruing interest compounded annually at 3.502%. The payable increased during 2017 by \$1,531,817 representing accrued interest.

Governmental Activities

The table below shows the condensed revenues, expenses and change in net position for 2017 and 2016.

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,424,962	\$ 2,242,537
Operating Grants and Contributions	586,979	725,531
Capital Grants and Contributions	1,522,589	1,801,273
General Revenues:		
Property Taxes	4,066,071	3,879,130
Sales Taxes	2,408,098	2,512,159
Franchise Taxes	1,287,895	1,288,810
Tourism Taxes	163,069	168,713
Investment Earnings	11,425	43,871
Miscellaneous	80,135	-
Total Revenues	<u>12,551,223</u>	<u>12,662,024</u>
Expenses:		
General Government	2,308,622	2,399,221
Public Safety	4,123,977	4,246,184
Public Works	3,708,612	5,407,872
Health & Sanitation	410,278	416,036
Culture & Recreation	1,602,837	1,513,728
Economic Development	451,731	271,252
Interest on Long-Term Debt	388,106	499,604
Total Expenses	<u>12,994,163</u>	<u>14,753,897</u>
Excess Before Transfers	(442,940)	(2,091,873)
Transfers In (Out)	<u>522,269</u>	<u>766,229</u>
Change In Net Position	<u>79,329</u>	<u>(1,325,644)</u>
Net Position January 1	35,125,303	36,995,512
Prior Period Adjustments	<u>(37,279)</u>	<u>(544,565)</u>
Net Position, Beginning of the Year as Restated	<u>35,088,024</u>	<u>36,450,947</u>
Net Position December 31	<u>\$ 35,167,353</u>	<u>\$ 35,125,303</u>

There were a few revenue sources that increased in 2017 which included Charges for Services, Property Taxes, and Miscellaneous which includes “gain/loss on disposal of assets.” Charges for Services increased due to several large projects that were charged engineering refunds. Property Taxes increased due to the increase in the Assessed Valuation and Miscellaneous increased due to the gain on the sale of some real estate property. All other revenues mentioned above decreased slightly with no significant reasons.

The net change in expenses decreased by \$1,759,734. This was largely due to the cleanup of CIP (Construction in Process) in Governmental. It was discovered that a few projects were placed in CIP that should not have been included in CIP. Therefore, it was necessary to remove the projects from CIP which decreased the Capital expense by \$1,870,319. In Public Safety and Public Works, there was a decrease in salaries due to several vacant positions throughout the year. The Police Department was down five positions and Public Works was down three at one point during the year. There was an increase in Culture & Recreation because the use of Fund 27 – Expendable Trust was utilized during the year. Economic Development increased with the movement of the payments to El Dorado Inc. from the General Fund to Economic Development Fund to help lower the General Fund expenses.

Business-Type Activities

The table below shows the condensed revenues, expenses and changes in net position for 2017 and 2016.

	Business-Type Activities	
	2017	2016
Revenues:		
Program Revenues:		
Charges for Services	\$ 8,266,866	\$ 7,984,560
Capital Grants and Contributions	518,832	58,151
General Revenues:		
Investment Earnings (Loss)	314,410	258,680
Miscellaneous	-	198,802
Total Revenues	<u>9,100,108</u>	<u>8,500,193</u>
Expenses:		
Waterworks System	4,800,942	5,378,480
Sewer System	2,256,590	2,635,077
Refuse	1,350,666	1,325,981
Compressed Natural Gas	25,622	12,694
Total Expenses	<u>8,433,820</u>	<u>9,352,232</u>
Excess Before Transfers	666,288	(852,039)
Transfers In (Out)	<u>(522,269)</u>	<u>(766,229)</u>
Changes in Net Assets	<u>144,019</u>	<u>(1,618,268)</u>
Net Position January 1	3,050,759	4,669,027
Prior Period Adjustments	37,279	-
Net Position, Beginning of the Year as Restated	<u>3,088,038</u>	<u>4,669,027</u>
Net Position December 31	<u><u>\$ 3,232,057</u></u>	<u><u>\$ 3,050,759</u></u>

The Waterworks System, Sewer System, Refuse, and Compressed Natural Gas (CNG) utilities are the Business-Type Activities of the City of El Dorado. The Waterworks System and Sewer System had a readiness to serve increase in 2017. The Waterworks System changed their rates based on the size of the meter. This change affected several customers with larger meters significantly. The City Commission has opted to do small rate increases each year versus large increases after several years and this is reviewed annually. There were no increases in rates for the Refuse and CNG funds. The Waterworks System and the Sewer System decreased expenses by \$956,025 due to the new financial policy. These two funds were not meeting the minimum fund balance requirement, therefore, only necessary expenditures were made to fulfill operational obligations.

FUND ANALYSIS

There was a net change in fund balance of \$(1,683,097) in the City's Total Governmental Funds as a result of 2017 operations. In the General and Other Governmental funds, Property Tax improved with a slight increase in the assessed valuation. Sales Tax was down slightly by \$104,061. This revenue is highly driven by the Holly Frontier Refinery and when they schedule their maintenance projects. Charges for services increase slightly across the City due to rate increases in the Recreation Department in order to help cover the cost of operations. Expenses were down due to the City's conscious effort to maintain a fund balance that meets the new financial policy which was implemented in 2017.

The net change in the Debt Service fund is an increase of \$297,864. Property Tax improved slightly due to a small increase in the assessed valuation. General Obligation Bond Principal and Interest expenditures decreased due to no new debt.

The net change in the Construction fund is a decrease of \$1,407,726. Intergovernmental Revenue decreased due to receiving a Community Development Block Grant (CDBG) from the State of Kansas for project 392 – 2016 CDBG Sanitary Sewer Study in 2016 and nothing from CDBG in 2017. In 2016, the City received insurance revenue for damage from a hail storm that caused a lot of damage to buildings and equipment. The City held the insurance reimbursements in a project to keep track of the money. Most of the reimbursements were received in 2016 leaving a small amount to receive in 2017 creating a decrease of \$334,250. A prior period adjustment was done to correct the allocation of a debt proceeds from the year ended December 31, 2016. As a result of the adjustment, the beginning fund balance for the construction fund decreased by \$550,000. Capital outlay increased due to a few new projects; Paving Griffith (Central-Locust), Resurfacing Central (Haverhill-School), and Mill & Overlay 12th Avenue (North Main to East City Limits).

The change in net position in the Business-Type Activities increased \$181,298. The Waterworks System and the Sewer System decreased in expenses due to the new financial policy that was implemented in 2017. Both of these funds did not meet the minimum fund balance requirement, therefore, both funds spent only what was necessary for operational needs. The Waterworks System, Sewer System, and Refuse all decreased in "Non-operating revenues (expenses)" mainly due to the decrease in "loss on disposal of assets."

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget was not amended. The actual amount of revenue was under the budgeted amount by \$386,924. The City Commission requested an increase in franchise fees from 5% to 6%. Westar was the only utility company that agreed to the increase, resulting in a deficit of revenues. Also, it was discovered that 100% of Ad Valorem Tax is budgeted, however, only about 90% is collected. Therefore, Delinquent Tax should not be budgeted and what is collected will hopefully make up the 10% not collected in Ad Valorem Tax. The combination of the two taxes being budgeted caused a budget deficit of \$261,878

Prairie Trails Restaurant/Golf Fund, which is included in the financials of the General Fund, increased the General fund transfer by 12.8% due to the increase of expenses to operate the Golf Course. The Golf Course had a full year with an 18 hole course which helped with expenses, however, Golf Fees were still short by \$32,473 and Food and Beverage Sales were down by \$12,342 from the budgeted amounts.

Expenditures were less than budgeted by \$1,147,419. Throughout the year, there were a number of vacant positions. The Police Department held three to five vacant positions during the year. Public Works was down three, and Administration was down one off and on throughout the year. A large portion of the positive variance is due to the contingency reserve that is budgeted in Special Projects to finance unforeseen expenditures or an unanticipated decline in revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The total amount invested in capital assets during 2017, net of current year depreciation, was \$2,531,071. The capital assets to Governmental Activities include Land, Construction in progress, Buildings, Improvements other than buildings, Infrastructure, and Machinery and Equipment. The additions to Governmental Activities include the following: Additions to Land include 117 E 10th \$43,314, 824 W Locust \$4,594, 714 N Walnut \$3,789, 716 N Walnut \$3,141, and 303 S Emporia \$1,696. Additions to Construction in progress include several projects totaling \$2,298,966. The three major expense projects include; Project 491 – Paving Griffith \$635,866, Project 493 – Airport 15-33 Runway \$359,421, and Project 508 – Police Storage Building \$227,786. There were no additions to Buildings in 2017. The additions to Improvements other than buildings include 15-33 Runway \$400,797 and Towanda Sidewalk 1900 Block – 2200 Block \$27,366. Additions to Infrastructure include; 216 N Vine Solar Panel Lighting \$17,886, Sternberg Light Poles \$18,386, Mogul Lamp post \$5,025, Central Resurfacing – Boyer to Diagonal \$155,139, Central – Summit – Emporia Griffith Bridge \$386,082, Central Resurfacing – Jones to Summit \$166,606, Central Resurfacing – Haverhill to School \$167,861, 12th Ave – North Main to City Limits \$197,374, Addition to Paving Belmont Heights 3rd Addition – Phase I \$240, Walnut Valley Road \$20,500, and Sunset Lawns Side Road \$73,125. The additions to Machinery and Equipment include; for the Senior Center, Evaporator Coil and AC Condenser Units A&B totaling \$11,410. For the Police Department, Police Division, (2) 2017 Ford Explorers totaling \$67,657. For Public Works Department, Major Street Division, Four (4) 22 ft. Deluxe Equipment Tilt/Diamond Floor 8K Axle Trailers totaling \$24,960, a 2017 GMC Sierra DBL Cab White \$42,140 and Animal Control Division, Evaporator Coil and AC Condenser \$5,531. For Recreation Department, Parks Division, a Hustler Excel 935007 \$12,194 and a 2017 4WD Tractor with

Rotary Cutter \$54,400; The Recreation Division, a 2017 Kubota Tractor with Loader \$15,572; The Cemetery Division, a Hustler Excel 936237 \$7,030; The CVB Division, LED Board at Civic Center \$23,837; The Prairie Trails Division, a Jacobsen Truckster XD 2WD Diesel Mower \$23,000, Two (2) Jacobsen Eclipse 322 Mowers totaling \$69,800, a Ball Dispenser \$5,250, and a Turfco Torrent Debris Blower \$6,900.

The additions to Business-Type Activities include Construction in progress, Buildings, Improvements other than buildings, and Machinery and Equipment. Additions to Construction in progress include only project 514 – Sanitary Sewer Extension-Grandview Sewer \$268,892. There were no additions to Buildings in 2017. Improvements other than buildings include: For the Sewer System; Sanitary Sewer at Constant Creek \$41,888, 2016 CDBG Sanitary Sewer \$1,304,332, and Sewer Rehab-SBA-Taylor \$249,940. Machinery and Equipment include: For the Water System; 2017 GMC Sierra Blue \$36,410, Automatic Chlorinator 500PD \$10,320, 2017 John Deere Gator \$16,741, and Two (2) 2017 GMC Sierra 2500 DBL Cab Blue totaling \$97,166. For the Sewer System; Roof Top Unit \$9,094, and Wall Mount Unit \$7,761. For Refuse; a 2017 Freightliner M2 Refuse Truck \$198,935, and a 2017 GMC Sierra 2500 Black \$42,140.

Additional information about the City's capital assets can be found in Note 5 of the Notes to the Financial Statements.

Debt Administration

The City did not issue bonds in 2017. The capacity of the City to issue additional general obligation debt increased in 2017 from \$20,392,854 to \$21,996,946. The ratio of net bonded debt to estimated actual value and the net bonded debt per capita are useful indicators of the City's debt position. The ratio of net bonded debt to estimated actual value decreased from 4.20% in 2016 to 3.63% in 2017, and the net bonded debt per capita increased from \$1,785 in 2016 to \$1,577 in 2017.

Additional information about the City's long-term debt can be found in Note 7 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Commission and City staff are very cognizant of the impact the nation's economy has on the citizens of El Dorado and are working very diligently to keep the expenditures at a low level. The City will maintain the same level of services and fund the same outside agencies in 2018. Sales tax will continue to be a significant revenue source for the City. The property tax would be approximately 29 mills higher to fund the City's operations without the local sales tax. The City continues to improve its infrastructure through the street maintenance program, funded by sales tax monies.

OTHER POTENTIALLY SIGNIFICANT MATTERS

The following significant facts were known by management as of the date of the independent auditor's report:

- The Kansas Water Office has long identified El Dorado Lake as an important regional water supply and to that end, the City of El Dorado continues to look for opportunities to utilize the surplus capacity in our reservoir. El Dorado Lake's surplus capacity puts El Dorado in the enviable position of being drought resilient, something few cities in our region truly have. We are continuing to work with communities in our region towards their long term water supply planning, in the hopes that our regional water supply can be shared and offer drought resiliency to other communities. El Dorado Lake offers communities a long-term, affordable, high quality water supply for the future. We will continue to visit with neighboring communities about water, as well as engage in planning, to construct a pipeline west to expand our role as a regional water supplier.
- The City has renewed the Neighborhood Revitalization Program (NRP) to include new housing starts. The NRP provides a 95% tax rebate on new construction value up to \$250,000 for five years. Applications will be accepted through 12/31/2019. Additionally, the City and El Dorado, Inc. have completed a Housing Assessment Tool (HAT) which is one of the steps needed to make application for Community Development Block Grants (CDBG) for housing rehabilitation with the State of Kansas.

REQUESTS FOR INFORMATION

The financial report is intended to give the reader a general overview of the City's finances. Questions about information contained in this report or requests for additional information should be directed to the Director of Finance, City of El Dorado, 220 East First, El Dorado, KS, 67042.

BASIC FINANCIAL STATEMENTS

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION

December 31, 2017

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Library
Assets:				
Cash and investments	\$ 4,930,120	\$ 8,530,581	\$ 13,460,701	\$ 475,322
Receivables, net of allowance for uncollectibles:				
Taxes	8,112,285	-	8,112,285	421,710
Accounts	653,138	641,558	1,294,696	-
Due from other governments	985,143	1,516	986,659	-
Internal balances	(932,915)	932,915	-	-
Inventories	57,294	153,092	210,386	-
Restricted cash and investments	-	-	-	210,569
Investment in joint venture	3,000,000	-	3,000,000	-
Net OPEB asset	6,511	-	6,511	-
Capital assets, net of accumulated depreciation (where applicable):				
Land	5,005,352	740,378	5,745,730	-
Buildings	8,061,663	10,201,674	18,263,337	1,494,813
Improvements other than buildings	8,581,111	13,760,035	22,341,146	-
Infrastructure	19,691,393	-	19,691,393	-
Water storage space	-	28,951,577	28,951,577	-
Machinery and equipment	3,224,252	4,904,278	8,128,530	75,087
Construction in progress	1,541,415	265,623	1,807,038	-
Total assets	62,916,762	69,083,227	131,999,989	2,677,501
Deferred outflows of resources:				
Deferred outflows - pension	1,259,041	250,095	1,509,136	35,700
Liabilities:				
Accounts payable and other current liabilities	453,487	190,027	643,514	163,715
Accrued interest payable	58,178	41,766	99,944	-
Due to primary government	1,064,713	236,492	1,301,205	-
Unearned revenue - other	-	854	854	-
Unearned revenue - grant proceeds other than timing	422,090	-	422,090	-
Noncurrent liabilities:				
Due within one year	1,738,590	1,191,471	2,930,061	46,364
Due in more than one year	20,809,686	64,357,776	85,167,462	460,587
Total liabilities	24,546,744	66,018,386	90,565,130	670,666
Deferred inflows of resources:				
Deferred inflows - pension	291,275	82,879	374,154	22,556
Deferred receivable - property taxes	4,170,431	-	4,170,431	421,710
Total deferred inflows of resources	4,461,706	82,879	4,544,585	444,266
Net position:				
Net investment in capital assets	32,504,209	21,632,458	54,136,667	1,569,900
Restricted for:				
Debt service	3,607,042	-	3,607,042	-
Public safety	11,664	-	11,664	-
Public works	166,318	-	166,318	-
Economic development	1,801,996	-	1,801,996	-
Culture and recreation	14,757	-	14,757	-
Other purposes	16,229	-	16,229	-
Unrestricted	(2,954,862)	(18,400,401)	(21,355,263)	28,369
Total net position	\$ 35,167,353	\$ 3,232,057	\$ 38,399,410	\$ 1,598,269

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

Functions/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Library
					Governmental Activities	Business-Type Activities	Total	
Government activities:								
General government	\$ 2,308,622	\$ 877,175	\$ 49,797	\$ -	\$ (1,381,650)	\$ -	\$ (1,381,650)	\$ -
Public safety	4,123,977	639,331	16,000	-	(3,468,646)	-	(3,468,646)	-
Public works	3,708,612	171,250	496,710	1,206,294	(1,834,358)	-	(1,834,358)	-
Health and sanitation	410,278	225,679	527	316,295	132,223	-	132,223	-
Culture and recreation	1,602,837	511,527	23,945	-	(1,067,365)	-	(1,067,365)	-
Economic development	451,731	-	-	-	(451,731)	-	(451,731)	-
Interest on long-term debt	388,106	-	-	-	(388,106)	-	(388,106)	-
Total governmental activities	12,994,163	2,424,962	586,979	1,522,589	(8,459,633)	-	(8,459,633)	-
Business-type activities:								
Waterworks System	4,800,942	4,162,309	-	-	-	(638,633)	(638,633)	-
Sewer System	2,256,590	2,460,313	-	518,832	-	722,555	722,555	-
Refuse	1,350,666	1,615,743	-	-	-	265,077	265,077	-
Compressed Natural Gas	25,622	28,501	-	-	-	2,879	2,879	-
Total business-type activities	8,433,820	8,266,866	-	518,832	-	351,878	351,878	-
Total primary government	\$ 21,427,983	\$ 10,691,828	\$ 586,979	\$ 2,041,421	(8,459,633)	351,878	(8,107,755)	-
Component unit:								
Bradford Memorial Library	\$ 714,345	\$ 43,045	\$ 41,919	\$ -	-	-	-	(629,381)
General revenues:								
Property taxes					4,066,071	-	4,066,071	474,107
Sales taxes					2,408,098	-	2,408,098	-
Franchise taxes					1,287,895	-	1,287,895	-
Tourism taxes					163,069	-	163,069	-
Unrestricted investment earnings					11,425	314,410	325,835	23,748
Miscellaneous					80,135	-	80,135	-
Transfers					522,269	(522,269)	-	-
Total general revenues and transfers					8,538,962	(207,859)	8,331,103	497,855
Change in net position					79,329	144,019	223,348	(131,526)
Net position, beginning of year, as previously stated					35,125,303	3,050,759	38,176,062	1,729,795
Prior period adjustments					(37,279)	37,279	-	-
Net position beginning of year as restated					35,088,024	3,088,038	38,176,062	1,729,795
Net position, end of year					\$ 35,167,353	\$ 3,232,057	\$ 38,399,410	\$ 1,598,269

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

	General	Debt Service	Construction	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 1,058,634	\$ 141,384	\$ -	\$ 3,730,102	\$ 4,930,120
Receivables (net of allowance for uncollectibles):					
Property tax	2,727,379	1,289,170	-	153,882	4,170,431
Special assessment tax	-	3,191,336	-	322,436	3,513,772
Sales tax	428,082	-	-	-	428,082
Accounts	190,620	10,064	-	215,962	416,646
Due from other governments	1,271,534	-	-	8,609	1,280,143
Due from other funds	236,492	-	-	-	236,492
Inventories	37,376	-	-	19,918	57,294
Total assets	\$ 5,950,117	\$ 4,631,954	\$ -	\$ 4,450,909	\$ 15,032,980
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable	\$ 212,595	\$ -	\$ 159,776	\$ 75,777	\$ 448,148
Accrued payroll	5,339	-	-	-	5,339
Due to other governments	-	-	-	89,858	89,858
Due to other funds	-	-	1,269,855	-	1,269,855
Advances from other funds	-	-	-	890,606	890,606
Unearned revenue - grant proceeds other than timing	-	-	-	422,090	422,090
Total liabilities	217,934	-	1,429,631	1,478,331	3,125,896
Deferred inflows of resources:					
Unavailable revenue - property taxes	2,727,379	1,289,170	-	153,882	4,170,431
Unavailable revenue - special assessments	-	3,191,336	-	322,436	3,513,772
Total deferred inflows of resources	2,727,379	4,480,506	-	476,318	7,684,203
Fund balances:					
Nonspendable:					
Inventories	37,376	-	-	19,918	57,294
Restricted:					
Police operations	-	-	-	11,664	11,664
Domestic violence prevention	-	-	-	16,229	16,229
Debt service	-	151,448	-	-	151,448
Park improvements	-	-	-	14,757	14,757
Stormwater systems	-	-	-	166,318	166,318
Ordinance street sales tax	-	-	-	836,741	836,741
Excess sales tax	-	-	-	965,255	965,255
Committed:					
Public safety equipment	-	-	-	3,409	3,409
Assigned					
Airport improvements	-	-	-	19,789	19,789
Economic development sales tax	-	-	-	219,955	219,955
Industrial development	-	-	-	15,405	15,405
Street improvements	-	-	-	55,838	55,838
Police equipment	-	-	-	309,936	309,936
Self-insurance reserve	454,116	-	-	-	454,116
Unassigned	2,513,312	-	(1,429,631)	(158,954)	924,727
Total fund balances	3,004,804	151,448	(1,429,631)	2,496,260	4,222,881
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,950,117	\$ 4,631,954	\$ -	\$ 4,450,909	\$ 15,032,980

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2017

Total fund balance in Governmental Funds Balance Sheet	\$ 4,222,881
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	46,105,186
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	3,513,772
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,006,511
Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then.	
Deferred pension outflow	1,259,041
Internal service funds are used by management to charge the costs of information technology to individual funds. This adjustment reflects the consolidation of internal service fund activities related to governmental activities.	(42,309)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(22,606,454)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then.	
Deferred inflows - pension	(291,275)
Net position of governmental activities	<u>\$ 35,167,353</u>

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended December 31, 2017

	General	Debt Service	Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 2,874,237	\$ 1,020,335	\$ -	\$ 171,499	\$ 4,066,071
Sales	2,358,098	-	-	50,000	2,408,098
Franchise	1,287,895	-	-	-	1,287,895
Tourism	-	-	-	163,069	163,069
Intergovernmental	57,889	25,330	539,507	743,554	1,366,280
Licenses and permits	166,350	-	-	25,496	191,846
Charges for services	1,214,378	-	-	168,435	1,382,813
Fines and forfeitures	373,381	-	-	-	373,381
Special assessments	-	357,470	-	243,101	600,571
Investment earnings	11,425	-	-	-	11,425
Miscellaneous	150,416	173,475	8,852	207,231	539,974
Total revenues	8,494,069	1,576,610	548,359	1,772,385	12,391,423
Expenditures:					
Current:					
General government	1,128,000	-	-	515,600	1,643,600
Public safety	3,803,136	-	-	894	3,804,030
Highways and streets	925,572	-	-	648,052	1,573,624
Health and sanitation	306,987	-	-	86,669	393,656
Culture and recreation	1,191,804	-	-	238,449	1,430,253
Economic development	-	-	-	415,211	415,211
Debt service:					
Principal	201,651	1,311,894	-	-	1,513,545
Interest and other fiscal charges	24,273	328,463	44,845	82,180	479,761
Capital outlay	274,560	-	2,537,025	61,659	2,873,244
Total expenditures	7,855,983	1,640,357	2,581,870	2,048,714	14,126,924
Excess/deficiency of revenues over/(under) expenditures	638,086	(63,747)	(2,033,511)	(276,329)	(1,735,501)
Other financing sources (uses):					
Sale of real estate	6,867	-	-	73,268	80,135
Transfers in	1,298,689	361,761	1,176,055	1,243,062	4,079,567
Transfers out	(1,967,836)	(150)	(270)	(1,589,042)	(3,557,298)
Total other financing sources (uses)	(662,280)	361,611	1,175,785	(272,712)	602,404
Net change in fund balances	(24,194)	297,864	(857,726)	(549,041)	(1,133,097)
Fund balances, beginning of year, as previously stated	3,028,998	(146,416)	(21,905)	3,045,301	5,905,978
Prior period adjustments	-	-	(550,000)	-	(550,000)
Fund balances, beginning of year as restated	3,028,998	(146,416)	(571,905)	3,045,301	5,355,978
Fund balances, end of year	\$ 3,004,804	\$ 151,448	\$ (1,429,631)	\$ 2,496,260	\$ 4,222,881

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ (1,133,097)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(75,991)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals, donations) is to decrease net position	(222,325)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	79,665
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,547,903
Internal service funds are used by management to charge the cost of information technology to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities.	(64,291)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(52,535)</u>
Change in net position of governmental activities	<u>\$ 79,329</u>

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS

GENERAL FUND

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 6,914,157	\$ 6,914,157	\$ 6,192,038	\$ (722,119)
Intergovernmental	197,272	197,272	57,362	(139,910)
Licenses, fees and permits	115,439	115,439	166,350	50,911
Charges for services	733,980	733,980	793,460	59,480
Fines and forfeitures	374,004	374,004	714,751	340,747
Interest	1,000	1,000	9,010	8,010
Miscellaneous	4,629	4,629	45,966	41,337
Reimbursements	25,380	25,380	-	(25,380)
Total revenues	8,365,861	8,365,861	7,978,937	(386,924)
Expenditures:				
General government:				
Administration	691,294	691,294	644,634	46,660
Engineering	371,919	371,919	308,134	63,785
Janitorial	83,994	83,994	52,906	31,088
Legal and judicial	213,909	213,909	250,760	(36,851)
Total general government	1,361,116	1,361,116	1,256,434	104,682
Public safety:				
Police division	2,541,900	2,541,900	2,292,702	249,198
Fire division	2,046,719	2,046,719	1,642,605	404,114
Building and zoning	187,524	187,524	19,668	167,856
Building demolition	-	-	184,677	(184,677)
Civil defense	-	-	857	(857)
Hazardous materials	28,950	28,950	13,436	15,514
Total public safety	4,805,093	4,805,093	4,153,945	651,148
Public works:				
Public works	664,890	664,890	401,102	263,788
Street lights	197,000	197,000	196,874	126
Total public works	861,890	861,890	597,976	263,914
Health and sanitation:				
Animal control	\$ 135,749	\$ 135,749	\$ 151,608	\$ (15,859)

(Continued)

CITY OF EL DORADO, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
(Continued)

GENERAL FUND

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation:				
Park maintenance	\$ 322,910	\$ 322,910	\$ 312,428	\$ 10,482
Recreation	607,890	607,890	507,154	100,736
Swimming pool	151,474	151,474	110,776	40,698
Band	7,000	7,000	-	7,000
Recreation concessions	52,204	52,204	40,159	12,045
Total culture and recreation	1,141,478	1,141,478	970,517	170,961
Conservation of natural resources:				
Forestry	83,075	83,075	110,502	(27,427)
Total expenditures	8,388,401	8,388,401	7,240,982	1,147,419
Excess of revenues over (under) expenditures	(22,540)	(22,540)	737,955	760,495
Other financing sources (uses):				
Capital lease	(538,345)	(538,345)	-	538,345
Transfers in	815,589	815,589	857,307	41,718
Transfers out	(2,046,542)	(2,046,542)	(1,967,836)	78,706
Total other financing sources (uses)	(1,769,298)	(1,769,298)	(1,110,529)	658,769
Net change in fund balances	(1,791,838)	(1,791,838)	(372,574)	1,419,264
Fund balance, beginning of year	1,791,838	1,791,838	1,524,459	(267,379)
Fund balance, end of year	\$ -	\$ -	1,151,885	\$ 1,151,885
<u>Reconciliation to GAAP</u>				
Plus receivables at December 31, 2017			528,843	
Less payables outstanding at December 31, 2017			(142,818)	
Fund balances on the basis of GAAP - General Fund only			1,537,910	
Fund balances for separately budgeted funds included with the General Fund on GAAP basis financials:				
Cemetery			3,864	
External Stores			15,801	
Prairie Trails Restaurant/Golf			39,480	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:				
Equipment Reserve			938,938	
Building Demolition			14,695	
Self-Insurance Reserve			454,116	
			<u>\$ 3,004,804</u>	

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2017

	Business-Type Activities - Enterprise Funds					Business-Type Activities
	Major Funds			Nonmajor Fund	Total Enterprise Funds	Internal Service Fund (Data Processing Fund)
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas		
Assets:						
Current assets:						
Cash and investments	\$ 8,024,291	\$ 158,476	\$ 276,764	\$ 30,842	\$ 8,490,373	\$ 40,208
Accounts receivable (net of allowance for uncollectibles)	310,171	210,997	120,390	-	641,558	-
Intergovernmental receivable	569	-	947	-	1,516	-
Advances to other funds	1,837,036	-	-	-	1,837,036	-
Inventories	144,088	9,004	-	-	153,092	-
Total current assets	10,316,155	378,477	398,101	30,842	11,123,575	40,208
Capital assets:						
Land	33,733	706,645	-	-	740,378	-
Water storage space	28,951,577	-	-	-	28,951,577	-
Buildings	2,164,069	14,263,100	991,467	-	17,418,636	-
Improvements other than buildings	10,629,839	12,712,837	55,860	-	23,398,536	-
Machinery and equipment	2,682,537	4,940,388	993,687	189,044	8,805,656	25,464
Construction in progress	-	265,623	-	-	265,623	-
Total capital assets	44,461,755	32,888,593	2,041,014	189,044	79,580,406	25,464
Less accumulated depreciation	(6,967,238)	(12,797,492)	(973,932)	(21,960)	(20,760,622)	(21,683)
Capital assets, net	37,494,517	20,091,101	1,067,082	167,084	58,819,784	3,781
Deferred outflows of resources:						
Deferred outflows - pension	126,388	63,528	60,179	-	250,095	-
Total assets and deferred outflows of resources	\$ 47,937,060	\$ 20,533,106	\$ 1,525,362	\$ 197,926	\$ 70,193,454	\$ 43,989

See accompanying notes to basic financial statements.

	Business-Type Activities - Enterprise Funds					Business-Type Activities
	Major Funds			Nonmajor Fund	Total Enterprise Funds	Internal Service Fund (Data Processing Fund)
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas		
Liabilities:						
Current liabilities:						
Accounts payable	\$ 98,564	\$ 61,876	\$ 11,761	\$ 1,200	\$ 173,401	\$ 16,626
Current portion of compensated absences payable	41,414	20,829	12,171	-	74,414	21,760
Current portion of general obligation bonds payable	212,480	634,782	-	-	847,262	-
Current portion of revolving loan note payable	-	98,408	-	-	98,408	-
Accrued interest payable	7,405	34,361	-	-	41,766	-
Current portion of water storage space payable	149,627	-	-	-	149,627	-
Unearned revenue - other	-	854	-	-	854	-
Due to other funds	-	-	236,492	-	236,492	-
Total current liabilities	509,490	851,110	260,424	1,200	1,622,224	38,386
Noncurrent liabilities:						
Long-term portion of compensated absences payable	17,417	14,679	17,288	-	49,384	4,840
Long-term portion of general obligation bonds payable	1,815,360	5,667,328	-	-	7,482,688	-
Long-term portion of revolving loan note payable	-	1,932,459	-	-	1,932,459	-
Long-term portion of water storage space payable	53,453,672	-	-	-	53,453,672	-
Net pension liability	738,100	355,692	340,941	-	1,434,733	-
Advances from other funds	-	723,650	222,780	-	946,430	-
Total noncurrent liabilities	56,024,549	8,693,808	581,009	-	65,299,366	4,840
Total liabilities	56,534,039	9,544,918	841,433	1,200	66,921,590	43,226
Deferred inflows of resources:						
Deferred inflows - pension	43,642	19,926	19,311	-	82,879	-
Net position:						
Net investment in capital assets	8,636,387	11,758,124	1,067,082	167,084	21,628,677	3,781
Unrestricted	(17,277,008)	(789,862)	(402,464)	29,642	(18,439,692)	(3,018)
Total net position	\$ (8,640,621)	\$ 10,968,262	\$ 664,618	\$ 196,726	3,188,985	\$ 763

Some amounts reported for business-type activities in the
statement of net position are different because
internal service fund assets and liabilities are
included with business-type activities

43,072

Net position of business-type activities

\$ 3,232,057

CITY OF EL DORADO, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds				Business-Type Activities
	Major Funds			Nonmajor Fund	Internal Service Fund (Data Processing Fund)
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas	Enterprise Funds
Operating revenues:					
Charges for services	\$ 4,081,423	\$ 1,936,993	\$ 1,487,031	\$ 8,572	\$ 7,514,019
Miscellaneous	68,637	481,020	128,712	19,929	698,298
Rents and royalties	12,249	42,300	-	-	54,549
Total operating revenues	4,162,309	2,460,313	1,615,743	28,501	8,266,866
Operating expenses:					
Costs of sales and services	2,037,631	716,097	689,990	15,760	3,459,478
Administration	454,872	570,292	565,238	991	1,591,393
Depreciation	321,295	820,866	55,604	8,871	1,206,636
Total operating expenses	2,813,798	2,107,255	1,310,832	25,622	6,257,507
Operating income (loss)	1,348,511	353,058	304,911	2,879	2,009,359
Nonoperating revenues (expense):					
Investment income	314,410	-	-	-	314,410
Interest expense	(1,907,873)	(112,808)	(9,339)	-	(2,030,020)
Loss on disposal of assets	(2,296)	(10,998)	(4,966)	-	(18,260)
Total nonoperating revenues (expense)	(1,595,759)	(123,806)	(14,305)	-	(1,733,870)
Income (loss) before capital contributions and transfers	(247,248)	229,252	290,606	2,879	275,489
Capital contributions	-	518,832	-	-	518,832
Transfers from other funds	225,000	-	-	-	225,000
Transfers to other funds	(605,000)	(84,269)	(78,000)	-	(767,269)
Change in net position	(627,248)	663,815	212,606	2,879	252,052
Net position, beginning of year as previously stated	(8,013,373)	10,267,168	452,012	193,847	2,899,654
Prior period adjustments	-	37,279	-	-	37,279
Net position, beginning of year as restated	(8,013,373)	10,304,447	452,012	193,847	2,936,933
Net position, end of year	\$ (8,640,621)	\$ 10,968,262	\$ 664,618	\$ 196,726	\$ 3,188,985
Change in net position per fund statements					\$ 252,052
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain activities of the internal service fund are reported with business-type activities					(108,033)
Change in net position of business-type activities					\$ 144,019

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds					Business-Type Activities
	Major Funds			Nonmajor Fund	Total	Internal Service Fund
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas	Enterprise Funds	(Data Processing Fund)
Cash flows from operating activities:						
Receipts from customers and users	\$ 4,224,536	\$ 2,357,663	\$ 1,575,136	\$ 28,501	\$ 8,185,836	\$ 618,794
Payments to suppliers	(2,195,122)	(699,530)	(693,439)	(14,859)	(3,602,950)	(174,338)
Payments to employees	(497,601)	(589,215)	(585,003)	(992)	(1,672,811)	(644,024)
Net cash provided by (used in) operating activities	1,531,813	1,068,918	296,694	12,650	2,910,075	(199,568)
Cash flows from capital and related financing activities:						
Principal paid on general obligation bonds	(202,291)	(621,457)	-	-	(823,748)	-
Principal paid on revolving loan note payable	-	(112,289)	-	-	(112,289)	-
Principal paid on water storage space payable	(144,563)	-	-	-	(144,563)	-
Principal paid on capital lease payable	(98,110)	(32,041)	-	-	(130,151)	-
Proceeds from revolving loan note payable	-	102,986	-	-	102,986	-
Proceeds from water storage space payable	1,531,817	-	-	-	1,531,817	-
Interest paid on debt	(1,906,969)	(217,269)	(9,339)	-	(2,133,577)	-
Proceeds from sale of capital assets	-	5,262	-	-	5,262	-
Acquisition and construction of capital assets	(78,549)	-	(241,076)	-	(319,625)	-
Net cash used in capital and related financing activities	(898,665)	(874,808)	(250,415)	-	(2,023,888)	-
Cash flows from noncapital financing activities:						
Transfers (to) from other funds	(380,000)	(84,269)	(78,000)	-	(542,269)	20,000
Advances (to) from other funds	88,214	(34,750)	(69,821)	-	(16,357)	-
Net cash provided by (used in) noncapital financing activities	(291,786)	(119,019)	(147,821)	-	(558,626)	20,000
Cash flows from investing activities:						
Investment income	314,410	-	-	-	314,410	-
Net increase (decrease) in cash and investments	655,772	75,091	(101,542)	12,650	641,971	(179,568)
Cash and investments, beginning of year as previously stated	7,113,519	83,385	378,306	18,192	7,593,402	219,776
Prior period adjustments	255,000	-	-	-	255,000	-
Cash and investments, beginning of year as restated	7,368,519	83,385	378,306	18,192	7,848,402	219,776
Cash and investments, end of year	\$ 8,024,291	\$ 158,476	\$ 276,764	\$ 30,842	\$ 8,490,373	\$ 40,208

(Continued)

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
(Continued)

Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds					Business-Type Activities
	Major Funds			Nonmajor Fund	Total	Internal Service Fund
	Waterworks	Sewer	Refuse	Compressed	Enterprise	(Data Processing
	System	System		Natural Gas	Funds	Fund)
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 1,348,511	\$ 353,058	\$ 304,911	\$ 2,879	\$ 2,009,359	\$ (192,322)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	321,295	820,866	55,604	8,871	1,206,636	3,051
Decrease (increase) in accounts receivable	62,225	(102,650)	(40,607)	-	(81,032)	-
Decrease (increase) in inventories	28,356	(5,055)	4,741	-	28,042	-
Increase in deferred outflows - pension	44,689	21,712	20,049	-	86,450	-
Increase (decrease) in salaries and accrued payroll	(46,654)	(21,808)	(21,815)	-	(90,277)	(30,299)
Increase (decrease) in accounts payable	(185,847)	21,623	(8,190)	900	(171,514)	16,699
Increase (decrease) in compensated absences payable	4,588	2,352	2,347	-	9,287	3,303
Increase in unearned revenue - other	-	854	-	-	854	-
Increase in deferred inflows - pension	17,061	8,289	7,654	-	33,004	-
Net pension liability	(62,411)	(30,323)	(28,000)	-	(120,734)	-
Net cash provided by (used in) operating activities	\$ 1,531,813	\$ 1,068,918	\$ 296,694	\$ 12,650	\$ 2,910,075	\$ (199,568)
Schedule of noncash capital and related financing activities:						
Contributions of capital assets	\$ -	\$ 518,832	\$ -	\$ -	\$ 518,832	\$ -
Interest on water storage space	\$ 1,531,817	\$ -	\$ -	\$ -	\$ 1,531,817	\$ -

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION -
FIDUCIARY FUNDS

December 31, 2017

	Retiree Health Care Benefit Plan Trust Fund	Agency Funds
Assets:		
Cash and investments:		
Cash	\$ -	\$ 303,101
Common stocks	63,331	-
Fixed income securities	117,376	-
Accounts receivable	-	13,186
Total assets	180,707	316,287
Liabilities:		
Accounts payable	-	316,287
Net position held in trust for other postemployment benefits	\$ 180,707	\$ -

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS -
OTHER POSTEMPLOYMENT BENEFITS PLAN TRUST FUND

Year Ended December 31, 2017

	Retiree Health Care Benefit Plan Trust Fund
Additions:	
Employer contributions	\$ 68,451
Investment gain	15,928
Total additions	84,379
Deductions:	
Benefits	-
Change in net position held in trust for other postemployment benefits	84,379
Net position held in trust for other postemployment benefits, beginning of year	96,328
Net position held in trust for other postemployment benefits, end of year	\$ 180,707

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS

December 31, 2017

1 - Summary of Significant Accounting Policies

Reporting Entity

The City of El Dorado, Kansas (the City) is a municipal corporation governed under a Mayor-Commission form of government consisting of an elected mayor and four-member board. The City provides a full range of municipal services to its citizens in the areas of police and fire protection, sanitation, health, recreation, library, public improvements, building and zoning, general administrative services, water, wastewater and solid waste collection and cemetery operations. As required by generally accepted accounting principles, these financial statements present the City (primary government) and its component unit, an entity for which the City is considered to be financially accountable. The component unit discussed in the following paragraph is included in the City's reporting entity because of the significance of its operational or financial relationship to the City.

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the City's component unit, the Bradford Memorial Library (the Library). It is reported in a separate column to emphasize that it is legally separate from the City; however, the City Commission appoints the Library's governing body. The Library component unit is presented as a governmental fund type and does not issue separate financial statements.

The Bradford Memorial Library operates the public library in the City. The Library may not purchase or lease a site or erect a building for use of the Library without the approval of the City Commission. The Library taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The Library also receives funding through state assistance programs, charges for services and donations from the public. Also included in the Library's financial data are the operations of the Bradford Memorial Library Endowment (Endowment), a component unit of the Bradford Memorial Library. The Endowment is a legally separate, tax-exempt organization and is comprised of gifts and bequests that are subject to a requirement that the principal be maintained intact and invested to create a source of income for the Library to supplement the resources that are available to the Library in support of its programs.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Joint Venture

During fiscal year 2011, the City announced a collaborative project with Butler County Community College (the College) and El Dorado Unified School District No. 490 (the District) to create the Educational Facilities Authority of Butler County (the Authority). The Authority's board is comprised of seven members, with two appointed from each participant, and the seventh appointed by the other six members. Upon dissolution of the Authority, property owned by the Authority will be transferred to the City, College and District, or sold with the proceeds thereof paid to the City, College and District.

The Authority is the official governing body of the BG Products Veterans Sports Complex, which was constructed and located in City limits. The bowl-design stadium accommodates 3,000 home fans and 1,000 visitors, with a future capacity to seat 4,500 and 2,000, respectively. In addition to the commitment to help fund construction of the Sports Complex, the City has an ongoing financial obligation for certain operating costs of the stadium, described below.

During 2012, the City donated \$ 3,000,000 to fund its portion of construction. In addition to funds paid for construction, the agreement requires the City to pay its portion of utilities, insurance and maintenance costs associated with the stadium, along with the College and the District. The City's equity interest in the Authority as of December 31, 2017 was \$ 3,000,000.

Separate audited financial statements are not prepared by the Authority.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The City reports the following major governmental funds:

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The debt service fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Construction Fund – The construction fund is used to account for the resources accumulated and payments made for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City reports the following major proprietary funds:

Waterworks System Fund – The waterworks system fund is used to account for the operation of the municipal water utility including water supply, treatment and distribution.

Sewer System Fund – The sewer system fund is used to account for the operation of the municipal sewer utility including the collection and treatment of wastewater.

Refuse Fund – The refuse fund is used to account for the operation of the refuse utility including the collection and disposal of solid waste and the City's recycling program.

The City also reports the following fund types:

Internal Service Funds – The internal service fund is used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. This fund accounts for the City's information technology activities.

Fiduciary Funds – The Retiree Health Care Benefit Plan trust fund is used to accumulate the resources for postemployment health care benefits to qualified employees. The agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The City utilizes separate agency funds for the following purposes – sales tax collection and remittance; Community Improvement District funds collection and remittance; revolving loan collection and remittance; neighborhood revitalization program; and payroll withholding and remittances.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer and refuse functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks System Fund, the Sewer System Fund and the Refuse Fund are charges to customers for sales and services. Operating expenses for the Waterworks System Fund, Sewer System Fund and Refuse Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. The pooled cash is invested to the extent available in authorized investments. These pooled investments consist of operating accounts and nonnegotiable certificates of deposit that are recorded at cost because they are not affected by market rate changes. Earnings from investments are allocated to the funds on the basis of the average monthly balance and in accordance with the adopted budget. For the fiscal year ended December 31, 2017, interest earnings allocated to various funds was \$ 15,173. Deposits are reported at their carrying amount which approximates fair value.

The City maintains investments in certificates of deposit which are recorded at cost because they are not affected by market rate changes. The City's fiduciary fund has investments in mutual funds which are recorded at fair value.

The Library's investments consist of mutual funds, exchange traded funds and closed-end funds which are recorded at fair value.

Cash Flows Statement

For purposes of the cash flows statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records an allowance for all account balances not collected within four months.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the governmental funds unavailable revenue is reported as follows:

General fund property taxes receivable	\$ 2,727,379
Debt service fund property taxes receivable	1,289,170
Debt service fund special assessments receivable	3,191,336
Nonmajor funds property taxes receivable	153,882
Nonmajor funds special assessment receivable	322,436
	<hr/>
	\$ 7,684,203
	<hr/> <hr/>

Property Taxes

The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Butler County. The assessed value upon which the 2017 levy was based was \$ 84,417,270.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The 2017 tax levy per \$ 1,000 of assessed valuation was as follows:

General Fund	\$	30.320
Debt Service Fund		11.007
Nonmajor funds		1.826
Component unit:		
Library		4.887
		<hr/>
	\$	48.040
		<hr/>

Special Assessments Receivable

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City and are retired from the City's debt service fund. Further, State statutes permit levying additional general ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate construction project. Special assessments received after the issuance of bonds are recorded as revenue in the debt service fund. Special assessment taxes are levied over a ten or twenty-year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund and accrued as revenues in the statement of activities. Since they are not considered available spendable resources for the governmental funds, the special assessments receivable are reported as unavailable revenue in the fund financial statements.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Special Assessments Receivable (Continued)

Beginning in November 2008, the City levied special assessments to property owners within the City for stormwater maintenance and improvements. At December 31, the stormwater special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the stormwater utility special revenue fund and accrued as revenues in the statement of activities. Since they are not considered available spendable resources for the governmental funds, the stormwater special assessments receivable are reported as unavailable revenue in the fund financial statements.

Inventories

Inventories are valued at cost as determined by the first-in, first-out method. The purchase method is used to account for these inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund. Inventories in the general fund consist of expendable supplies held for consumption.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$ 5,000. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). The historical cost, or estimates of historical cost, for the City's infrastructure assets include all assets acquired or constructed subsequent to January 1, 1980. Donated capital assets are valued at their estimated acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds is offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Capital assets of the primary government and its component unit are depreciated using the straight-line method over the following estimated useful lives:

Buildings and structures	40 to 50 years
Improvements other than buildings	20 to 60 years
Infrastructure (streets)	18 years
Machinery and equipment	5 to 20 years
Office equipment	10 years
Water treatment plants	40 years
Water and sewer mains	75 years

Amortization of assets acquired under capital leases is included in depreciation.

The City acquired water storage space in 1972 for \$ 28,951,577 which is reported in the water fund and business-type activities column in the government-wide financial statements as a capital asset. The water storage space acquired is considered to have an indefinite life. As a result, no amortization will be taken on the space rights.

Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflow/Inflows of Resources (Continued)

The City has one item that qualifies for reporting in this category – deferred outflows for pension, reported in the government-wide statement of net position. See Note 10 for more information on the deferred outflows for pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. One item, *unavailable revenue/ deferred receivable* is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Governmental activities report deferred receivable only from property taxes. The second item is deferred inflows for pension. See Note 10 for more information on the deferred inflows for the pension.

Compensated Absences

The City's policies regarding personal and sick leave permit employees to accumulate a maximum of 200 hours of personal leave (260 hours for employees with over ten years of continuous service) and a maximum accumulation of 90 days of sick leave. Policies prohibit payment for personal leave in lieu of time off and require cancellation of accumulated sick leave on the date of employment termination. The liability for accrued personal leave is accrued when incurred in the government-wide and proprietary fund financial statements. The liability is classified as current or long-term based on previous history of usage by employees. A liability for these amounts is reported in governmental funds only if it has matured, for example, as a result of employee terminations or retirement.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2017, fund balances for governmental funds are made up of the following:

Nonspendable fund balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance – includes amounts that can only be used for specific purposes determined by a formal action, an ordinance, of the City’s highest level of decision-making authority, the City Commission. Commitments may be changed or lifted only by the City Commission taking the same formal action, an ordinance that imposed the constraint originally.

Assigned fund balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Commission has by resolution authorized the Finance Director of the City to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of the assignment.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Restricted Net Position

The government-wide statement of net position reports \$ 5,618,006 of restricted net position, of which \$ 446,866 is restricted by enabling legislation. This enabling legislation authorized the collection of a sales tax from which the collection of these sales taxes is to be used for the explicit purpose of street rehab, property tax reduction and economic development.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Loans are extended, on a fully secured basis, to local industries under the revolving economic development loan program. Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for water, sewer and refuse fees and charges for services.

Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Governmental Accounting Standards Board Statement

During the year the City adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, which is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements

At December 31, 2017, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about the OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The provisions of this statement are effective for periods beginning after June 15, 2017.

GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No. 73* was issued in March 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this statement are effective for periods beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017*, addresses practice issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of this statement are effective for periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a leases liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Earlier application is encouraged.

Prior Period Adjustments

Beginning fund balance for the construction fund, the sewer fund, and the Library as of December 31, 2017 were adjusted, as was beginning cash in the water fund, to correct the allocation of a debt proceeds from the year ended December 31, 2016. As a result of the adjustment, the beginning fund balance for the construction fund decreased by \$ 550,000, the sewer fund increased by \$ 37,279, and the Library increased by \$ 295,000. Beginning cash in the water fund increased by \$ 255,000.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ (22,606,454) difference are as follows:

Bonds payable	\$ (12,285,050)
Temporary notes	(2,548,000)
Premiums on bonds sold	(252,656)
Capital leases payable	(1,063,271)
Accrued interest payable	(58,178)
Compensated absences	(295,981)
Net pension liability	<u>(6,103,318)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position of governmental activities	<u>\$ (22,606,454)</u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ (75,991) difference are as follows:

Capital outlay	\$ 2,828,441
Depreciation expense	<u>(2,904,432)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ (75,991)</u></u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ 1,547,903 difference are as follows:

Principal repayments:	
Capital leases	\$ 201,651
Bonds	<u>1,346,252</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ 1,547,903</u></u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$ (52,535) difference are as follows:

Compensated absences	\$ (11,349)
Pension contributions	(98,483)
Amortization of bond premium	30,831
Accrued interest	<u>26,466</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ (52,535)</u></u>

3 - Stewardship, Compliance and Accountability

Budgetary Information

The City is required by State statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute), and the debt service fund. The Equipment Reserve, Family Life Center, Expendable Trust, Customer Deposit, Self-Insurance Reserve, Police Department Seized Assets, Ordinance Street Sales Tax, Excise Sales Tax, Special Alcohol Program and Law Enforcement Trust special revenue funds and the Construction fund are exempted from preparing a legally adopted budget. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the proposed budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management has the authority to revise departmental budgets within a fund; however, the City Commission must approve changes to the appropriations at the fund level.

All budgets are prepared utilizing the cash basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. All unencumbered appropriations (legal budget expenditure authority) lapse at the end of the year, except for capital project fund appropriations which are carried forward until such time as the project is completed or terminated. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled. During 2017, there were no amendments to the original published budget.

Controls over spending in funds which are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

Deficit Fund Balances

The waterworks system fund had deficit net position of \$ 8,640,621 at December 31, 2017 due to the recording of the water storage space payable. The construction fund had a deficit net fund balance of \$ 1,429,631 at December 31, 2017. The tourism tax fund had a deficit net fund balance of \$ 158,954 at December 31, 2017.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - Stewardship, Compliance and Accountability (Continued)

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the Debt Service Fund by \$ 114,479, the Industrial Development Fund by \$ 93,100, the Economic Development Sales Tax Fund by \$ 57,312, the Special Parks and Recreation Fund by \$ 52,591 and Prairie Trails Restaurant/Golf by \$ 32,771.

4 - Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City.

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is included in cash and investments on the balance sheet. At December 31, 2017, the City's carrying amount of deposits, including certificates of deposit, was not exposed to custodial credit risk.

The carrying amount of deposits for the Library, a discretely presented component unit, was not exposed to custodial credit risk.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

Investments

As of December 31, 2017, the City had the following investments:

Primary Government:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Fixed income mutual funds	\$ 117,376	\$ 117,376	\$ -	\$ -	\$ -
Domestic equity mutual funds	37,596	37,596	-	-	-
International equity mutual funds	16,745	16,745	-	-	-
Real estate mutual funds	8,990	8,990	-	-	-
	<u>\$ 180,707</u>	<u>\$ 180,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Discretely Presented Component Unit:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Mutual Funds, ETFs and Closed-End Funds	\$ 195,006	\$ 195,006	\$ -	\$ -	\$ -
Money Market Mutual Funds	15,563	15,563	-	-	-
	<u>\$ 210,569</u>	<u>\$ 210,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates, but state statutes do establish a two-year limitation on investment maturities. The City is not exposed to significant interest rate risk.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

Credit Risk

Kansas statutes authorize the City and the Library, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the municipal investment pool, or to make direct investments. The City has no investment policy that would further limit its investment choices.

Concentrations of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk-Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2017, the City's investments were not exposed to custodial credit risk.

Fair Value Measurement – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

At December 31, 2017, the City's fiduciary fund investments were categorized within the fair value hierarchy as follows:

Investment Type	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Mutual funds	\$ 180,707	\$ 180,707	\$ -	\$ -
Total	\$ 180,707	\$ 180,707	\$ -	\$ -

At December 31, 2017, the Library's investments were categorized within the fair value hierarchy as follows:

Investment Type	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Mutual funds	\$ 210,569	\$ 210,569	\$ -	\$ -
Total	\$ 210,569	\$ 210,569	\$ -	\$ -

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

Primary Government

	Balance January 1, 2017	Increase	Decrease	Balance December 31, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,988,242	\$ 56,534	\$ (39,424)	\$ 5,005,352
Construction in progress	828,293	2,298,966	(1,585,844)	1,541,415
Total capital assets not being depreciated	5,816,535	2,355,500	(1,625,268)	6,546,767
Capital assets being depreciated:				
Buildings	12,021,429	-	(89,570)	11,931,859
Improvements other than buildings	11,720,932	428,163	-	12,149,095
Infrastructure	38,480,911	1,208,226	-	39,689,137
Machinery and equipment	7,428,044	369,681	(143,045)	7,654,680
Total capital assets being depreciated	69,651,316	2,006,070	(232,615)	71,424,771
Less accumulated depreciation for:				
Buildings	3,618,706	255,904	(4,414)	3,870,196
Improvements other than buildings	3,162,906	405,078	-	3,567,984
Infrastructure	18,246,531	1,751,213	-	19,997,744
Machinery and equipment	4,029,695	492,237	(91,504)	4,430,428
Total accumulated depreciation	29,057,838	2,904,432	(95,918)	31,866,352
Total capital assets being depreciated, net	40,593,478	(898,362)	(136,697)	39,558,419
Governmental activities capital assets, net	\$ 46,410,013	\$ 1,457,138	\$ (1,761,965)	\$ 46,105,186

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

5 - Capital Assets (Continued)

	Balance January 1, 2017	Increase	Decrease	Balance December 31, 2017
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 751,376	\$ -	\$ (10,998)	\$ 740,378
Water storage space	28,951,577	-	-	28,951,577
Construction in progress	1,365,068	268,892	(1,368,337)	265,623
Total capital assets not being depreciated	31,068,021	268,892	(1,379,335)	29,957,578
Capital assets being depreciated:				
Buildings	17,418,636	-	-	17,418,636
Improvements other than buildings	21,802,375	1,596,161	-	23,398,536
Machinery and equipment	8,556,998	418,567	(144,445)	8,831,120
Total capital assets being depreciated	47,778,009	2,014,728	(144,445)	49,648,292
Less accumulated depreciation for:				
Buildings	6,830,948	386,014	-	7,216,962
Improvements other than buildings	9,264,430	374,071	-	9,638,501
Machinery and equipment	3,532,335	449,602	(55,095)	3,926,842
Total accumulated depreciation	19,627,713	1,209,687	(55,095)	20,782,305
Total capital assets being depreciated, net	28,150,296	805,041	(89,350)	28,865,987
Business-type activities capital assets, net	\$ 59,218,317	\$ 1,073,933	\$ (1,468,685)	\$ 58,823,565

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets (Continued)

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:		
General government	\$	365,506
Public safety		319,946
Public works (including depreciation of infrastructure assets)		1,993,254
Health and sanitation		16,622
Culture and recreation		172,584
Economic development		36,520
Total depreciation expense - governmental activities	\$	2,904,432
Business-type activities:		
Waterworks utility	\$	321,295
Sewer utility		820,866
Refuse		55,604
Compressed Natural Gas		8,871
Capital assets held by the City's internal service fund are charged to the various functions based on their usage		3,051
Total depreciation expense - business-type activities	\$	1,209,687

Capital asset activity for the Library component unit for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Increase	Decrease	Balance December 31, 2017
Discretely presented component unit:				
Capital assets being depreciated:				
Buildings	\$ 2,150,508	\$ -	\$ -	\$ 2,150,508
Machinery and equipment	192,140	13,669	(489)	205,320
Total capital assets being depreciated	2,342,648	13,669	(489)	2,355,828
Less accumulated depreciation for:				
Buildings	515,958	139,737	-	655,695
Machinery and equipment	124,603	5,630	-	130,233
Total accumulated depreciation	640,561	145,367	-	785,928
Total capital assets being depreciated, net	1,702,087	(131,698)	(489)	1,569,900
Discretely presented component unit capital assets, net	\$ 1,702,087	\$ (131,698)	\$ (489)	\$ 1,569,900

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - Capital Projects

The City is currently working on paving projects and performing various improvements. These projects are being funded primarily with federal grant monies and by the issuance of bonds.

Following is a summary of costs to December 31, 2017 for capital projects compared to the amount authorized:

<u>Project</u>	<u>Costs-to-Date</u>	<u>Amount Authorized</u>
Sanitary Sewer Extension	\$ 242,638	\$ 262,209
Street improvements	-	512,256

7 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2017 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2017	Outstanding December 31, 2017
General Obligation Bonds:					
Governmental activities:					
Series 2010	1.60 - 3.35%	\$ 1,648,262	11/1/2025	\$ 130,543	\$ 621,999
Series 2011	2.00 - 3.50%	5,715,000	11/1/2032	245,000	4,395,000
Series 2013	1.00 - 2.75%	4,644,322	11/1/2028	468,150	3,116,578
Series 2015	2.0 - 4.0%	3,357,000	11/1/2025	372,559	2,846,473
Series 2016	1.25 - 2.0%	1,690,000	11/1/2027	130,000	1,305,000
				<u>1,346,252</u>	<u>12,285,050</u>
Business-type activities:					
Series 2010	1.60 - 3.35%	546,738	11/1/2025	39,457	188,002
Series 2013	1.00 - 2.75%	2,000,678	11/1/2028	151,850	1,458,422
Series 2015	2.0 - 4.0%	580,000	11/1/2025	52,441	478,526
Series 2016	1.25 - 2.0%	6,530,000	11/1/2027	580,000	6,205,000
				<u>823,748</u>	<u>8,329,950</u>
Component Unit-type activities:					
Series 2016	1.25 - 2.0%	295,000	11/1/2027	25,000	270,000
				<u>\$ 2,195,000</u>	<u>\$ 20,885,000</u>

Call provisions at the option of the City included in the above bonds are as follows:

Series 2010: Callable November 1, 2018 at par plus accrued interest
Series 2011: Callable November 1, 2021 at par plus accrued interest
Series 2013: Callable November 1, 2021 at par plus accrued interest
Series 2015: Callable November 1, 2023 at par plus accrued interest
Series 2016: Callable November 1, 2024 at par plus accrued interest

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The installment ranges for the general obligation bonds are the following:

	Installment Range	
	Low	High
General Obligation Bonds:		
Governmental activities:		
Series 2010	\$ 72,951	\$ 80,630
Series 2011	225,000	360,000
Series 2013	149,600	498,480
Series 2015	388,626	577,830
Series 2016	135,000	155,000
Business-type activities:		
Series 2010	22,049	25,531
Series 2013	111,000	161,520
Series 2015	56,374	64,241
Series 2016	610,000	710,000
Component unit activities:		
Series 2016	25,000	30,000

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2017 are as follows:

Governmental activities	Principal	Interest	Total
2018	\$ 1,337,738	\$ 313,702	\$ 1,651,440
2019	1,346,578	288,498	1,635,076
2020	1,384,029	261,344	1,645,373
2021	1,406,123	231,823	1,637,946
2022	1,075,483	200,230	1,275,713
2023-2027	3,959,700	574,205	4,533,905
2028-2032	1,775,399	161,949	1,937,348
	<u>\$ 12,285,050</u>	<u>\$ 2,031,751</u>	<u>\$ 14,316,801</u>
Business-type activities	Principal	Interest	Total
2018	\$ 847,262	\$ 152,526	\$ 999,788
2019	858,422	141,370	999,792
2020	865,971	129,698	995,669
2021	883,877	116,038	999,915
2022	844,517	101,699	946,216
2023-2027	3,905,300	240,515	4,145,815
2028-2032	124,601	3,427	128,028
	<u>\$ 8,329,950</u>	<u>\$ 885,273</u>	<u>\$ 9,215,223</u>

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Component unit activities	Principal	Interest	Total
2018	\$ 30,000	\$ 4,650	\$ 34,650
2019	30,000	4,275	34,275
2020	30,000	3,900	33,900
2021	30,000	3,450	33,450
2022	30,000	3,000	33,000
2023-2027	120,000	6,000	126,000
	<u>\$ 270,000</u>	<u>\$ 25,275</u>	<u>\$ 295,275</u>

Construction Loans Payable

During 2011, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$ 2,106,252 to finance the construction of a new one megawatt wind turbine generator at the City's wastewater treatment facility. The loan is being repaid over twenty years at an interest rate of 2.43%. The outstanding balance of \$ 1,030,111 is shown as a liability in the sewer fund. The future annual debt service requirements for the construction loan payable as of December 31, 2017 are as follows:

Year	Principal	Interest and Service Fees	Total
2018	\$ 55,460	\$ 22,156	\$ 77,616
2019	56,816	20,940	77,756
2020	58,205	19,694	77,899
2021	59,628	18,417	78,045
2022	61,085	17,109	78,194
2023-2027	328,572	64,782	393,354
2028-2032	370,748	26,945	397,693
2033-2037	39,597	432	40,029
	<u>\$ 1,030,111</u>	<u>\$ 190,475</u>	<u>\$ 1,220,586</u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

7 - Long-Term Debt (Continued)

Construction Loans Payable (Continued)

During 2015, the City entered into a loan agreement with the Kansas Department of Health and Environment. The agreement enabled the City to borrow \$ 1,058,908 to finance significant waste water collection system improvements. The loan will be repaid over twenty years at an interest rate of 2.20%. As of December 31, 2017, the City has drawn \$ 1,058,908 on this loan. The outstanding balance of \$ 1,000,756 is shown as a liability in the sewer fund. The future annual debt service requirements for the construction loan payable as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest and Service Fees</u>	<u>Total</u>
2018	\$ 42,948	\$ 21,782	\$ 64,730
2019	43,898	20,832	64,730
2020	44,869	19,861	64,730
2021	45,861	18,868	64,729
2022	46,876	17,854	64,730
2023-2027	250,400	73,247	323,647
2028-2032	279,348	44,299	323,647
2033-2037	246,556	12,360	258,916
	<u>\$ 1,000,756</u>	<u>\$ 229,103</u>	<u>\$ 1,229,859</u>

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Construction Loans Payable (Continued)

Liability for Water Storage Space

In 1972, the City entered into a contract with the United States Army Corps of Engineers (the Corps) whereby the City provided land and waterworks system assets and the Corps provided personnel and equipment to construct and expand a reservoir. The project was completed in 1983. The contract required the City to reimburse the Corps for construction costs of \$ 26,435,400, plus interest compounded annually at 3.502% commencing July 1, 1992, with a final maturity date of July 1, 2081. Payments accelerate if water usage exceeds certain minimum quantities. There have been two instances where the City's water usage exceeded the minimum quantities and accelerated payment schedules have been set up for each in 1992 and 2003. The remaining principal balance of the construction costs associated with future water storage space that is accruing interest compounded annually at 3.502% until the final maturity date of July 1, 2081, is \$ 18,500,024. The payable increased during 2017 by \$ 1,531,817 representing accrued interest. At December 31, 2017 the liability including accrued interest is \$ 45,273,032. The amount to be paid in 2081, including accrued interest if the City does not accelerate additional payments for exceeding the minimum quantities for water usage, will be approximately \$ 410,000,000. As of December 31, 2017, the City has cash and investments of \$ 7,182,097 set aside to pay for the water storage space payable on July 1, 2081.

During 1992, water usage exceeded the minimum quantity causing the City to purchase additional storage space at a cost of \$ 3,046,527 with annual payments of \$ 125,535 due beginning July 15, 1993 and ending July 15, 2041 at an interest rate of 3.502%. The outstanding balance of \$ 2,015,484 is shown as a liability in the waterworks system fund.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Liability for Water Storage Space (Continued)

The future annual debt service requirements for this water storage space payable as of December 31, 2017 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 54,953	\$ 70,582	\$ 125,535
2019	56,877	68,658	125,535
2020	58,869	66,666	125,535
2021	60,931	64,604	125,535
2022	63,064	62,471	125,535
2023-2027	350,038	277,637	627,675
2028-2032	415,775	211,900	627,675
2033-2037	493,858	133,817	627,675
2038-2042	461,119	41,068	502,187
	<u>\$ 2,015,484</u>	<u>\$ 997,403</u>	<u>\$ 3,012,887</u>

During 2003, the water usage again exceeded the minimum quantity causing the City to purchase additional storage space at a cost of \$ 7,405,026 with annual payments of \$ 315,818 due on this portion of the excess usage beginning July 15, 2003 and ending June 15, 2052 at an interest rate of 3.502%. The outstanding balance of \$ 6,314,783 is shown as a liability in the waterworks system fund.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Liability for Water Storage Space (Continued)

The future annual debt service requirements for this water storage space payable as of December 31, 2017 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 94,674	\$ 221,144	\$ 315,818
2019	97,990	217,828	315,818
2020	101,421	214,396	315,817
2021	104,973	210,845	315,818
2022	108,649	207,169	315,818
2023-2027	603,054	976,034	1,579,088
2028-2032	716,308	862,780	1,579,088
2033-2037	850,831	728,257	1,579,088
2038-2042	1,010,618	568,470	1,579,088
2043-2047	1,200,413	378,675	1,579,088
2048-2052	1,425,852	153,236	1,579,088
	<u>\$ 6,314,783</u>	<u>\$ 4,738,834</u>	<u>\$ 11,053,617</u>

Temporary Notes

Kansas statutes permit the issuance of bond anticipation notes to finance certain capital improvement projects that will be refinanced with general obligation bonds.

During 2015, the City issued \$ 2,548,000 of temporary notes series No. 1885 with an interest rate of 1.76% and with a final maturity in 2019 for governmental activities to provide temporary financing for general capital improvements. Total principal payment of \$ 2,548,000 is due in 2019.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Temporary Notes (Continued)

Future maturities of the temporary notes are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 44,845	\$ 44,845
2019	<u>2,548,000</u>	<u>22,422</u>	<u>2,570,422</u>
	<u>\$ 2,548,000</u>	<u>\$ 67,267</u>	<u>\$ 2,615,267</u>

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment. This year \$ 96,950 was included in depreciation expense. These lease agreements qualify as capital leases and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:

Wheel loader	\$ 99,700
Less accumulated depreciation	<u>(99,700)</u>
Net book value	<u>\$ -</u>
 Pumper apparatus	 \$ 444,354
Less accumulated depreciation	<u>(103,682)</u>
Net book value	<u>\$ 340,672</u>
 Aerial firetruck	 \$ 1,152,052
Less accumulated depreciation	<u>(70,215)</u>
Net book value	<u>\$ 1,081,837</u>
 Wheel loader	 \$ 76,095
Less accumulated depreciation	<u>(76,095)</u>
Net book value	<u>\$ -</u>

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2017:

	<u>Governmental Activities</u>
2018	\$ 225,925
2019	145,305
2020	128,864
2021	128,864
2022	128,864
2023 - 2027	<u>387,520</u>
	1,145,342
Amount representing interest	<u>(82,071)</u>
	<u><u>\$ 1,063,271</u></u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

7 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017 was as follows:

	Outstanding January 1, 2017	Additions	Reductions	Outstanding December 31, 2017	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 13,631,302	\$ -	\$ 1,346,252	\$ 12,285,050	\$ 1,337,738
Issuance premiums	283,487	-	30,831	252,656	-
Temporary notes	2,548,000	-	-	2,548,000	-
Capital leases	1,264,922	-	201,651	1,063,271	205,867
Compensated absences	284,632	195,252	183,903	295,981	194,985
Net pension liability	6,215,386	-	112,068	6,103,318	-
Total long-term liabilities - governmental activities	<u>\$ 24,227,729</u>	<u>\$ 195,252</u>	<u>\$ 1,874,705</u>	<u>\$ 22,548,276</u>	<u>\$ 1,738,590</u>
Business-type activities:					
General obligation bonds	\$ 9,153,698	\$ -	\$ 823,748	\$ 8,329,950	\$ 847,262
Construction loans payable	2,040,170	102,986	112,289	2,030,867	98,408
Water storage space payable	52,216,045	1,531,817	144,563	53,603,299	149,627
Capital leases	130,151	-	130,151	-	-
Compensated absences	137,808	99,199	86,609	150,398	96,174
Net pension liability	1,555,467	-	120,734	1,434,733	-
Total long-term liabilities - business-type activities	<u>\$ 65,233,339</u>	<u>\$ 1,734,002</u>	<u>\$ 1,418,094</u>	<u>\$ 65,549,247</u>	<u>\$ 1,191,471</u>
Component unit:					
Compensated absences	\$ 43,698	\$ 12,030	\$ 22,604	\$ 33,124	\$ 16,364
General obligation bonds	295,000	-	25,000	270,000	30,000
Net pension liability	209,901	-	6,074	203,827	-
	<u>\$ 548,599</u>	<u>\$ 12,030</u>	<u>\$ 53,678</u>	<u>\$ 506,951</u>	<u>\$ 46,364</u>

For the governmental activities, compensated absences and the net pension liability are generally liquidated by the general fund.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2017, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$ 55,312,511.

In 2017, four separate community improvement districts (CID) were established to finance the specific district's community development. The City is not obligated in any manner for repayment of this debt.

8 - Interfund Receivables and Payables

Advances from/to other funds

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Waterworks system	<u>\$ 1,837,036</u>	Sewer system	\$ 723,650
		Refuse	222,780
		Other governmental	<u>890,606</u>
			<u>\$ 1,837,036</u>

The amounts payable to the waterworks system fund are a result of funds paid to the Authority as described in Note 1. Approximately \$ 127,883 of the balance is scheduled to be collected in the subsequent year.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

9 - Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. Interfund transfers for the year ended December 31, 2017, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General	\$ 1,298,689	\$ 1,967,836
Debt Service	361,761	150
Construction	1,176,055	270
Nonmajor governmental funds	1,243,062	1,589,042
Major proprietary funds:		
Waterworks System	225,000	605,000
Sewer System	-	84,269
Refuse	-	78,000
Internal Service Fund:		
Data Processing	<u>20,000</u>	<u>-</u>
Total transfers	<u>\$ 4,324,567</u>	<u>\$ 4,324,567</u>

Transfers are used to (1) move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) use to eliminate negative cash balances in the payable funds due to project payment timing.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan

General Information About the Pension Plan

Description of Pension Plan. The City and the Library participate in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City and the Library are included in the Local and Police and Firemen employee groups.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits Provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the KPERS fiscal year ended June 30, 2017.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.46% for KPERS and 19.03% for KP&F for the year ended December 31, 2017. Contributions to the Pension Plan from the City were \$ 366,093 for KPERS and \$ 396,241 for KP&F, and from the Library were \$ 22,177 for KPERS for the year ended December 31, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the City reported a liability of \$ 3,608,956 for KPERS and \$ 3,929,095 for KP&F and the Library reported a liability of \$ 203,827 for KPERS for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2017, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017 the City's proportion for KPERS was .249159%, which was a decrease of .004145% from its proportion measured as of June 30, 2016. At June 30, 2017, the City's proportion for KP&F was .418974%, which was an increase of .004211% from its proportion measured as of June 30, 2016. At June 30, 2017, the Library's proportion for KPERS was .014072%, which is a decrease of .000504% from its proportion measured as of June 30, 2016.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2017, the City recognized pension expense of \$ 364,253 for KPERS, \$ 496,628 for KP&F and \$ 13,883 for the Library. At December 31, 2017, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 207,392	\$ 154,182
Net difference between projected and actual earnings on pension plan investments	258,762	-
Change of assumptions	468,719	43,948
Changes in proportionate share	199,498	176,024
City contributions subsequent to measurement date	374,765	-
Total	<u>\$ 1,509,136</u>	<u>\$ 374,154</u>
Library		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 986	\$ 7,048
Net difference between projected and actual earnings on pension plan investments	6,393	-
Change of assumptions	10,977	1,490
Changes in proportionate share	5,926	14,018
City contributions subsequent to measurement date	11,418	-
Total	<u>\$ 35,700</u>	<u>\$ 22,556</u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$ 374,765 and \$ 11,418 for the City and the Library, respectively, reported as deferred outflows of resources related to pensions resulting from the City's and Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	City
2018	\$ 72,618
2019	374,076
2020	284,236
2021	(8,935)
2022	38,222
	<u>\$ 760,217</u>

Year Ended June 30,	Library
2018	\$ (6,008)
2019	2,881
2020	4,663
2021	(977)
2022	1,167
	<u>\$ 1,726</u>

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Wage inflation	3.50 percent
Salary increases, including price inflation	3.50 to 12.00 percent
Long-term rate of return net of investment expense, and including price inflation	7.75 percent

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the three year period ending December 31, 2015.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	(0.25%)
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in the future. Employers contribute the full actuarial determined rate for KP&F. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in the future. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's and the Library's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's KPERS proportionate share of the collective net pension liability	\$ 5,197,688	\$ 3,608,956	\$ 2,269,720
City's KP&F proportionate share of the collective net pension liability	5,573,991	3,929,095	2,552,087
Bradford Memorial Library's KPERS proportionate share of the collective net pension liability	293,555	203,827	128,189

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

11 - Other Postemployment Benefits

Plan Administration

The City of El Dorado's other postemployment benefits (OPEB) are accounted for through the Retiree Health Care Benefit Plan Trust (Plan). The Plan is a single-employer defined benefit health care plan administered by the City to provide medical, prescription drug, dental and vision benefits to retired employees and their dependents under certain conditions. The Plan is governed by the City Commission and managed by the finance department of the City.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - Other Postemployment Benefits (Continued)

Plan Membership

At December 31, 2017, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	5
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>136</u>
	<u><u>141</u></u>

Benefits Provided

The Plan provides medical care insurance benefits to eligible retirees and their spouses. For employees with 20 years of service retiring with full KPERS benefits the City provides 50% of the single or family medical and dental premium for benefits to age 62. After attaining age 62, the City continues to offer group health coverage to the retired employee at their own expense until age 65. For employees with 10 years of service or more, the City offers continued health and dental benefits to the retiree; however, the retiree is responsible for 125% of the premium cost for other similarly situated employees. The City continues offering the group health insurance coverage to the retired employee until age 65. The City Commission has the authority to provide and amend the benefit terms of the Plan.

Contributions

The City has adopted as funding policy that provides reasonable assurance the cost of benefits provided to the Plan's members will be funded in an equitable and sustainable manner. The required contributions is based on projected pay-as-you go financing requirements, with an additional amount to prefund benefits as determined annually. The City Commission has the authority to provide and amend the contribution terms of the Plan.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - Other Postemployment Benefits (Continued)

Contributions (Continued)

The City Commission has the authority to establish and amend the investment policy for the Plan. The goal of the Plan is to achieve an annual rate of return on investments that meets or exceeds the Plan's actuarial assumption (as determined by its Actuarial Consultant) of 6% and to maximize the return on investment from these funds within the risk parameters specified. Both investment income and capital appreciation are components of expected total return from the investments. The time horizon for the Plan is a long term horizon, in excess of 10 years, and the Plan shall not make short-term timing moves in the investment portfolio.

Investment Policy

The following was the Plan's adopted asset allocation policy as of December 31, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0%
Fixed income	70%
Equities large	15%
Equities small	5%
Equities international	5%
REIT's	5%
Total	100%

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 8.81% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - Other Postemployment Benefits (Continued)

Net OPEB Liability of the City

The components of the net OPEB liability of the City at December 31, 2017 were as follows:

Total OPEB liability	\$ 688,128
Plan fiduciary net position	<u>(180,707)</u>
City's net OPEB liability	<u><u>\$ 507,421</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	26.26%
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Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	December 31, 2017
Valuation Date	January 1, 2017
Reporting Date for Employer	December 31, 2017
Measurement Period	January 1, 2017 to December 31, 2017
Discount Rate	6.00%
Inflation Rate	2.50%
Salary Increases	4.00%
Mortality Table	RP 2014 Total Employee and Healthy Annuitant tables adjusted to 2006 and projected with MP 2017 future mortality improvement scale.
Actuarial Cost Method	Entry Age Normal, Level % of Pay

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study for the period January 1, 2017 to December 31, 2017.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - Other Postemployment Benefits (Continued)

Actuarial assumptions (Continued)

The long-term expected rate of return of 6.0% was determined using a building-block method in which expected real rates of return (net of investment expenses and inflation) were developed for each asset class. The long-term expected rate of return was then determined by weighting the expected future real rates of return by the asset allocation percentage and adding expected inflation of 3.0%. The 6.0% was determined as the rounded result of $.65 \times 1.5\% + .20 \times 5.5\% + .10 \times 6.0\% + .05 \times 6.0\% + 3.0\%$, or 5.975% rounded to 6.0%.

GASB 74 generally requires a blended discount rate be used to measure the total OPEB liability. The long-term expected return on plan investments may be used as the discount rate to the extent the OPEB plan's fiduciary net position is projected to cover future benefit payments and administrative expenses. Determining the discount rate under GASB 74 will often require the actuary to perform complex projections of future benefit payments and asset values to determine solvency. However, GASB 74 does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB 74 does not contemplate a specific method for making an alternative evaluation of sufficiency but rather it is left to professional judgment.

The City determines the Actuarially Determined Contribution (ADC) which is the basis for the annual City contributions. The ADC is based on a defined amortization period and normal cost, which means that payment of the full ADC each year will result in the OPEB plan to be in a fully funded position by the end of the amortization period if future experience follows assumptions. GASB 74 specifies the projections regarding future solvency assume plan assets earn the assumed investment return and there are no future changes in plan provisions, actuarial methods or assumptions, which results in the projections not reflecting any adverse future experience which might impact the plan's funded position. Based on these considerations, it is our professional opinion the detailed depletion date projections outlined in GASB 74 would clearly indicate the plan's fiduciary net position is always projected to be sufficient to satisfy future benefit payments and administrative expenses.

The discount rate used to measure the total OPEB liability as of December 31, 2017 was 6.00%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at amounts equal to the ADC. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - Other Postemployment Benefits (Continued)

Actuarial assumptions (Continued)

The assumed asset allocation was based on the actual asset allocation of the OPEB plan trust as of December 31, 2017, and the long-term expected real rate of return (“RROR”) for each asset class that was composed of 65% Fixed Income (1.5% RROR), 20% Domestic Equity (5.5% RROR), 10% International Equity (6.0% RROR) and 5% Real Estate (6.0% RROR). The expected rates of return are presented as arithmetic means.

Discount rate

The discount rate used to measure the total OPEB liability was 6.00% percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.0 percentage) or 1-percentage-point higher (7.0) than the current discount rate:

	1% Decrease (5.0%)	Discount Rate (6.0%)	1% Increase (7.0%)
Net OPEB liability (asset)	\$ 554,301	\$ 507,421	\$ 465,469

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - Other Postemployment Benefits (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percentage decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Net OPEB liability (asset)	\$ 477,259	\$ 507,421	\$ 541,077

Annual Required Contribution

The Plan has adopted GASB 74 for the purposes of this financial report. Until the implementation of GASB 75 in 2018, the City as the employer continues to follow GASB 45 which requires the reporting of certain information such as the annual required contribution.

The annual required contribution (ARC) is the basic annual expense recognized under Governmental Accounting Standards Board Statement No. 45, though there is no requirement to fund the ARC. The ARC is calculated under the actuarial cost method that was chosen and is comprised of the normal cost plus amortization of the unfunded actuarial accrued liability (excess of the past service liability over the actuarial value of the assets). The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. For 2017, the City contributed \$ 68,451 to the Plan. Plan members receiving benefits contributed approximately \$ 19,811, or less than 1.2% of the total premiums.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - Other Postemployment Benefits (Continued)

Annual Required Contribution (Continued)

Other postemployment benefit cost expense is computed based on the ARC of the City. If funded on a regular basis, the ARC is an amount of funding that is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components that comprise the City of El Dorado's net OPEB obligation for 2017:

Annual required contribution	\$ 61,940
Annual OPEB cost (expense)	61,940
Contributions made	68,451
Decrease in net OPEB obligation (asset)	(6,511)
Net OPEB obligation, beginning of year	-
Net OPEB obligation (asset), end of year	\$ (6,511)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation (asset) for 2017 are as follows:

Year	Annual OPEB Costs	Net Employer Contributions	Percentage Contributed	End of Year OPEB Obligation
2015	\$ 52,810	\$ 52,810	100%	\$ -
2016	52,810	52,810	100%	-
2017	61,940	68,451	111%	(6,511)

As of January 1, 2017, the most recent actuarial date, the Plan was 16% funded. The actuarial accrued liability for benefits was \$ 610,781 and the actuarial value of assets was \$ 96,328, resulting in an unfunded actuarial accrued liability of \$ 514,453. The covered payroll (annual payroll of active employees covered by the Plan) was \$ 5,973,932, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.6%.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - Other Postemployment Benefits (Continued)

Annual Required Contribution (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2017 actuarial valuation, the projected unit credit cost method was used to determine the annual required contribution. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on Plan assets and on the City's own investment calculated based on the funded level of the Plan at the valuation date, the annual health care cost trend rates for medical claims of 6.5 to 5.25 percent in the first five years and an ultimate averaging rate of 5 percent after 5 years, and projected salary increases of 4 percent per year. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over a period of 30 years. The remaining amortization period at December 31, 2017 was 26 years.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - Commitments and Contingencies

The City is a defendant in various legal actions pending or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of these matters is not presently determinable. It is the opinion of the City's management that the outcome of this litigation will not result in a material loss to the City in excess of applicable insurance coverage.

13 - Commitments and Contingencies – Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance.

14 - Tax Abatements

The City entered into sales tax abatement agreements with local businesses for the purpose of attracting businesses within their jurisdictions. The abatements were for Community Improvement Districts where the City was the agent for the abated sales taxes. For the fiscal year ended December 31, 2017, abated sales taxes that impacted the City totaled \$ 26,198.

15 - Risk Management

The City is exposed to various risks of loss related to torts; that is, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in claims from prior years.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

15 - Risk Management (Continued)

Group Hospitalization

The City maintains a partially self-funded health insurance plan covering substantially all full-time employees. A monthly premium is paid to an insurance company for individual and aggregate stop-loss coverage and includes an amount for administrative costs. The maximum liability of the City for each individual covered is \$ 50,000 per plan year. Any claims paid in excess of this amount will be reimbursed to the City by the insurance company at the end of the plan year. The City's health plan includes Specific and Aggregate Stop-Loss insurance. Specific Stop-Loss is the form of excess risk coverage that provides protection for the employer against a high claim on any one individual. This is protection against abnormal severity of a single claim rather than abnormal frequency of claims in total. Specific stop-loss is also known as individual stop-loss. Aggregate Stop-Loss provides a ceiling on the dollar amount of eligible expenses that an employer would pay, in total, during a contract period. The carrier reimburses the employer after the end of the contract period for aggregate claims. All City funds incurring payroll expenditures participate in the program and make payments to the program (which includes employee and employer contributions) based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$ 52,099 reported at December 31, 2017 is based on the requirements of Governmental Accounting Standard Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated.

At December 31, 2017, the City had approximately \$ 454,000 assigned in the General Fund for payment of health claims. The changes in health care claims payable for the years ended December 31, 2017 and the prior two years are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year End
2015	\$ 137,604	\$ 1,057,394	\$ 1,046,316	\$ 148,682
2016	148,682	833,429	919,666	62,445
2017	62,445	927,937	938,283	52,099

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EL DORADO, KANSAS

Schedule of the City's Proportionate Share of the Collective Net Pension Liability Kansas Public Employees Retirement System Last Four Fiscal Years¹

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the collective net pension liability:				
KPERS	0.249159%	0.253304%	0.243809%	0.238711%
KP&F	0.418974%	0.414763%	0.409768%	0.402789%
City's proportionate share of the collective net pension liability	\$ 7,538,051	\$ 7,770,855	\$ 6,176,718	\$ 5,579,746
City's covered-employee payroll	\$ 6,310,319	\$ 6,321,921	\$ 5,952,445	\$ 5,741,758
City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	119%	122%	103%	97%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	65.10%	64.95%	66.60%

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF EL DORADO, KANSAS

BRADFORD MEMORIAL LIBRARY

Schedule of the Library's Proportionate Share of the Collective Net Pension Liability
 Kansas Public Employees Retirement System
 Last Four Fiscal Years¹

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Library's proportion of the collective net pension liability:				
KPERS	0.014072%	0.013568%	0.013548%	0.014177%
Library's proportionate share of the collective net pension liability	\$ 203,827	\$ 209,901	\$ 177,891	\$ 174,492
Library's covered-employee payroll	\$ 255,897	\$ 232,764	\$ 226,266	\$ 223,714
Library's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	80%	90%	79%	78%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	65.10%	64.95%	66.60%

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF EL DORADO, KANSAS

Schedule of the City's Contributions Kansas Public Employees Retirement System Last Eight Fiscal Years¹

	2017	2016	2015	2014	2013	2012	2011	2010
KPERS/Ret contractually required contribution	\$ 366,093	\$ 400,701	\$ 401,217	\$ 352,578	\$ 310,747	\$ 293,509	\$ 257,819	\$ 249,113
KP&F contractually required contribution	396,241	418,425	407,629	363,076	322,865	324,386	272,793	240,147
Contributions in relation to the contractually required contribution	(762,334)	(819,126)	(808,846)	(715,654)	(633,612)	(617,895)	(530,612)	(489,260)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 6,336,505	\$ 6,414,029	\$ 6,369,673	\$ 6,039,625	\$ 6,014,997	\$ 6,018,005	\$ 5,792,461	\$ 5,709,858
Contributions as a percentage of covered-employee payroll	12.03%	12.77%	12.70%	11.85%	10.53%	10.27%	9.16%	8.57%

¹ GASB 68 requires presentation of ten years. Required information was not available prior to fiscal year 2010: therefore, ten years of data is unavailable.

CITY OF EL DORADO, KANSAS

BRADFORD MEMORIAL LIBRARY

Schedule of the Library's Contributions
Kansas Public Employees Retirement System
Last Seven Fiscal Years¹

	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 22,177	\$ 22,353	\$ 23,375	\$ 22,235	\$ 20,924	\$ 21,145	\$ 18,110
Contributions in relation to the contractually required contribution	22,177	22,353	23,375	22,235	20,924	21,145	18,110
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 262,144	\$ 243,498	\$ 247,351	\$ 249,435	\$ 254,058	\$ 265,347	\$ 260,170
Contributions as a percentage of covered-employee payroll	8.46%	9.18%	9.45%	8.91%	8.24%	7.97%	6.96%

¹ GASB 68 requires presentation of ten years. Required information was not available prior to fiscal year 2011: therefore, ten years of data is unavailable.

CITY OF EL DORADO, KANSAS

Schedule of Changes in the City's Net OPEB Liability and Related Ratios* This Fiscal Year

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 8,109
Interest	40,203
Changes of benefits terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(44,251)</u>
Net change in total OPEB liability	4,061
Total OPEB liability--beginning	<u>684,067</u>
Total OPEB liability--ending (a)	<u><u>\$ 688,128</u></u>
Plan fiduciary net position	
Contributions--employer	\$ 68,451
Net investment income	15,928
Benefit payments	-
Administrative expense	<u>-</u>
Net change in plan fiduciary net position	84,379
Plan fiduciary net position--beginning	<u>96,328</u>
Plan fiduciary net position--ending (b)	<u><u>\$ 180,707</u></u>
City's net OPEB liability -- ending (a) - (b)	<u><u>\$ 507,421</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	26.26%
Covered-employee payroll	\$ 5,973,932
City's net OPEB liability as a percentage of covered- employee payroll	8.49%

* GASB 74 requires presentation of 10 years. Data was not available prior to fiscal year 2017.

CITY OF EL DORADO, KANSAS

Schedule of the City Contributions* Net OPEB Liability This Fiscal Year

	<u>2017</u>
Actuarially determined contribution	\$ 61,940
Contributions in relation to the actuarially determined contribution	<u>68,451</u>
Contribution deficiency (excess)	<u>\$ (6,511)</u>
City's covered-employee payroll	\$ 5,973,932
Contributions as a percentage of covered-employee payroll	1.15%

* GASB 74 requires presentation of 10 years. Data was not available prior to fiscal year 2017.

Notes to Schedule

Actuarilly determined contributions are calculated as of January 1 of the current fiscal year in which contributions are reported.

Valuation Date	January 1, 2017
Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Market Value
Amortization Method	Level Dollar, Open
Amortization Period	30 Years
Salary Increases	4.00%
Investment Rate of Return	6.00%
Mortality Table	RP 2014 Total Employee and Healthy Annuitant tables adjusted to 2006 and projected with MP 2017 future mortality improvement scale.

CITY OF EL DORADO, KANSAS

Schedule of Investment Returns*
Net OPEB Liability
This Fiscal Year

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	8.81%

* GASB 74 requires presentation of 10 years. Data was not available prior to fiscal year 2017.

CITY OF EL DORADO, KANSAS

SCHEDULE OF FUNDING PROGRESS

RETIREE HEALTH CARE BENEFIT PLAN TRUST

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
01/01/11	\$ 146,182	\$ 579,008	\$ 432,826	25.2%	\$ 4,835,566	9.0%
01/01/14	218,733	661,429	442,696	33.1%	5,138,162	8.6%
01/01/17	96,328	610,781	514,453	15.8%	5,973,932	8.6%

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following nonmajor Special Revenue Funds are reported:

Airport Fund – to account for the operations of the municipal airport.

Major Street Improvement Fund – to account for the state shared tax for the construction, reconstruction or maintenance of streets.

Industrial Development Fund – to account for the promotion of industrial development funded by a special ad valorem tax.

Special Parks and Recreation Fund – to account for state shared tax and park land development fees for parks and recreation.

Tourism Tax Fund – to account for the promotion of conventions and tourism. Financing is provided through a tax on motel rooms.

Economic Development Sales Tax Fund – to account for the accumulation and expenditure of sales tax revenues committed by City Commission ordinance for economic development purposes.

Stormwater Utility Fund – to account for resources made available for repair and improvement to the City's stormwater system. Financing is provided through property owner special assessments.

Family Life Center Fund – to account for the Federal grant moneys received for improvement and repair of the local shelter for battered women.

Expendable Trust Fund – to account for public donations and grant programs to sponsor specified youth activities and other community activities conducted by the City.

Customer Deposit Fund – to account for resources through private-sector insurance proceeds and other City resources utilized in the cleanup operations of fire damages.

Law Enforcement Trust Fund – to account for the proceeds from the sale of property seized through law enforcement proceedings.

Police Department Seized Assets Fund – to account for any money obtained due to assets being seized; the state awards the money to the City for seizing said assets. The money cannot be used to reduce the operating fund instead it is used for police department purchases at the discretion of department heads.

Ordinance Street Sales Tax Fund – to account for sales tax revenue created by ordinance for street repairs, street rehabilitation and maintenance.

Excess Sales Tax – to account for sales tax revenue created by ordinance for any capital expenditure requested by any citizen or organization of the City with approval by the City Commission of the capital expenditures.

Special Alcohol Program Fund – to account for liquor tax revenue created by ordinance to provide support for domestic violence shelters for adults or children.

CITY OF EL DORADO, KANSAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Airport	Major Street Improvement	Industrial Development	Special Parks and Recreation	Tourism Tax	Economic Development Sales Tax	Stormwater Utility	Family Life Center
<u>ASSETS</u>								
Cash and investments	\$ 16,555	\$ 20,404	\$ 437,188	\$ 14,757	\$ 269,484	\$ 224,955	\$ 169,308	\$ 11,704
Inventories	19,918	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles):								
Property tax	67,237	-	86,645	-	-	-	-	-
Special assessment tax	-	-	-	-	-	-	322,436	-
Accounts	7,803	134,493	23,520	-	50,146	-	-	-
Due from other governments	-	-	-	-	-	-	-	8,609
Total assets	<u>\$ 111,513</u>	<u>\$ 154,897</u>	<u>\$ 547,353</u>	<u>\$ 14,757</u>	<u>\$ 319,630</u>	<u>\$ 224,955</u>	<u>\$ 491,744</u>	<u>\$ 20,313</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 4,569	\$ 9,201	\$ -	\$ -	\$ 33,281	\$ 5,000	\$ 2,990	\$ 20,313
Advances from other funds	-	-	445,303	-	445,303	-	-	-
Due to other governments	-	89,858	-	-	-	-	-	-
Unearned revenue - grant proceeds other than timing	-	-	-	-	-	-	-	-
Total liabilities	<u>4,569</u>	<u>99,059</u>	<u>445,303</u>	<u>-</u>	<u>478,584</u>	<u>5,000</u>	<u>2,990</u>	<u>20,313</u>
Deferred inflows of resources:								
Unavailable revenue - property taxes	67,237	-	86,645	-	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-	-	322,436	-
Total deferred inflows of resources	<u>67,237</u>	<u>-</u>	<u>86,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,436</u>	<u>-</u>
Fund balances:								
Nonspendable:								
Inventories	19,918	-	-	-	-	-	-	-
Restricted:								
Police operations	-	-	-	-	-	-	-	-
Domestic violence prevention	-	-	-	-	-	-	-	-
Park improvements	-	-	-	14,757	-	-	-	-
Stormwater systems	-	-	-	-	-	-	166,318	-
Street improvements	-	-	-	-	-	-	-	-
Community capital expenditures	-	-	-	-	-	-	-	-
Committed:								
Public safety equipment	-	-	-	-	-	-	-	-
Assigned:								
Airport improvements	19,789	-	-	-	-	-	-	-
Economic development sales tax	-	-	-	-	-	219,955	-	-
Industrial development	-	-	15,405	-	-	-	-	-
Street improvements	-	55,838	-	-	-	-	-	-
Police equipment	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(158,954)	-	-	-
Total fund balances	<u>39,707</u>	<u>55,838</u>	<u>15,405</u>	<u>14,757</u>	<u>(158,954)</u>	<u>219,955</u>	<u>166,318</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 111,513</u>	<u>\$ 154,897</u>	<u>\$ 547,353</u>	<u>\$ 14,757</u>	<u>\$ 319,630</u>	<u>\$ 224,955</u>	<u>\$ 491,744</u>	<u>\$ 20,313</u>

(Continued)

CITY OF EL DORADO, KANSAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
(Continued)

December 31, 2017

	Expendable Trust	Customer Deposit	Law Enforcement Trust	Police Department Seized Assets	Ordinance Street Sales Tax	Excess Sales Tax	Special Alcohol Program	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>								
Cash and investments	\$ 719,626	\$ 3,409	\$ 11,664	\$ 12,823	\$ 836,741	\$ 965,255	\$ 16,229	\$ 3,730,102
Inventories	-	-	-	-	-	-	-	19,918
Receivables (net of allowance for uncollectibles):								
Property tax	-	-	-	-	-	-	-	153,882
Special assessment tax	-	-	-	-	-	-	-	322,436
Accounts	-	-	-	-	-	-	-	215,962
Due from other governments	-	-	-	-	-	-	-	8,609
Total assets	<u>\$ 719,626</u>	<u>\$ 3,409</u>	<u>\$ 11,664</u>	<u>\$ 12,823</u>	<u>\$ 836,741</u>	<u>\$ 965,255</u>	<u>\$ 16,229</u>	<u>\$ 4,450,909</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,777
Advances from other funds	-	-	-	-	-	-	-	890,606
Due to other governments	-	-	-	-	-	-	-	89,858
Unearned revenue - grant proceeds other than timing	422,090	-	-	-	-	-	-	422,090
Total liabilities	<u>422,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,478,331</u>
Deferred inflows of resources:								
Unavailable revenue - property taxes	-	-	-	-	-	-	-	153,882
Unavailable revenue - special assessments	-	-	-	-	-	-	-	322,436
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,318</u>
Fund balances:								
Nonspendable:								
Inventories	-	-	-	-	-	-	-	19,918
Restricted:								
Police operations	-	-	11,664	-	-	-	-	11,664
Domestic violence prevention	-	-	-	-	-	-	16,229	16,229
Park improvements	-	-	-	-	-	-	-	14,757
Stormwater systems	-	-	-	-	-	-	-	166,318
Street improvements	-	-	-	-	836,741	-	-	836,741
Community capital expenditures	-	-	-	-	-	965,255	-	965,255
Committed:								
Public safety equipment	-	3,409	-	-	-	-	-	3,409
Assigned:								
Airport improvements	-	-	-	-	-	-	-	19,789
Economic development sales tax	-	-	-	-	-	-	-	219,955
Industrial development	-	-	-	-	-	-	-	15,405
Street improvements	-	-	-	-	-	-	-	55,838
Police equipment	297,113	-	-	12,823	-	-	-	309,936
Unassigned	-	-	-	-	-	-	-	(158,954)
	<u>297,113</u>	<u>3,409</u>	<u>11,664</u>	<u>12,823</u>	<u>836,741</u>	<u>965,255</u>	<u>16,229</u>	<u>2,496,260</u>
	<u>\$ 719,626</u>	<u>\$ 3,409</u>	<u>\$ 11,664</u>	<u>\$ 12,823</u>	<u>\$ 836,741</u>	<u>\$ 965,255</u>	<u>\$ 16,229</u>	<u>\$ 4,450,909</u>

CITY OF EL DORADO, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2017

	Airport	Major Street Improve- ment	Industrial Develop- ment	Special Parks and Recreation	Tourism Tax	Economic Develop- ment Sales Tax	Stormwater Utility
Revenues:							
Taxes:							
Property	\$ 78,864	\$ -	\$ 92,635	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	50,000	-
Tourism	-	-	-	-	163,069	-	-
Intergovernmental	-	496,710	-	23,946	-	-	-
Licenses and permits	-	2,334	-	2,040	21,122	-	-
Charges for services	164,995	3,440	-	-	-	-	-
Special assessments	-	-	-	-	-	-	243,101
Miscellaneous	5,475	19,625	84,879	-	46,673	29,416	124
Total revenues	<u>249,334</u>	<u>522,109</u>	<u>177,514</u>	<u>25,986</u>	<u>230,864</u>	<u>79,416</u>	<u>243,225</u>
Expenditures:							
Current:							
General government	204,012	-	-	-	11,331	-	220,396
Public Safety	-	-	-	-	-	-	-
Highways and streets	-	648,052	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	15,500	-	-	-
Economic development	-	-	141,096	-	222,430	51,685	-
Capital outlay	-	50,879	-	-	10,000	-	-
Debt service:							
Interest and other fiscal charges	44,846	-	18,667	-	18,667	-	-
Total expenditures	<u>248,858</u>	<u>698,931</u>	<u>159,763</u>	<u>15,500</u>	<u>262,428</u>	<u>51,685</u>	<u>220,396</u>
Excess (deficiency) of revenues over (under) expenditures	<u>476</u>	<u>(176,822)</u>	<u>17,751</u>	<u>10,486</u>	<u>(31,564)</u>	<u>27,731</u>	<u>22,829</u>
Other financing sources (uses):							
Sale of general capital assets	-	-	-	-	-	-	-
Transfers in	-	90,410	-	-	-	158	-
Transfers out	-	-	-	(61,091)	(42,000)	(353)	(18,000)
Total other financing sources (uses)	<u>-</u>	<u>90,410</u>	<u>-</u>	<u>(61,091)</u>	<u>(42,000)</u>	<u>(195)</u>	<u>(18,000)</u>
	<u>476</u>	<u>(86,412)</u>	<u>17,751</u>	<u>(50,605)</u>	<u>(73,564)</u>	<u>27,536</u>	<u>4,829</u>
Fund balances, beginning of year	<u>39,231</u>	<u>142,250</u>	<u>(2,346)</u>	<u>65,362</u>	<u>(85,390)</u>	<u>192,419</u>	<u>161,489</u>
Fund balances, end of year	<u>\$ 39,707</u>	<u>\$ 55,838</u>	<u>\$ 15,405</u>	<u>\$ 14,757</u>	<u>\$ (158,954)</u>	<u>\$ 219,955</u>	<u>\$ 166,318</u>

(Continued)

CITY OF EL DORADO, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Year Ended December 31, 2017

	Family Life Center	Expendable Trust	Customer Deposit	Law Enforcement Trust	Police Department Seized Assets	Ordinance Street Sales Tax	Excess Sales Tax	Special Alcohol Program	Total Nonmajor Special Revenue Funds
Revenues:									
Taxes:									
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,499
Sales	-	-	-	-	-	-	-	-	50,000
Tourism	-	-	-	-	-	-	-	-	163,069
Intergovernmental	86,669	120,000	-	-	-	-	-	16,229	743,554
Licenses and permits	-	-	-	-	-	-	-	-	25,496
Charges for services	-	-	-	-	-	-	-	-	168,435
Special assessments	-	-	-	-	-	-	-	-	243,101
Miscellaneous	-	8,600	-	39	12,400	-	-	-	207,231
Total revenues	<u>86,669</u>	<u>128,600</u>	<u>-</u>	<u>39</u>	<u>12,400</u>	<u>-</u>	<u>-</u>	<u>16,229</u>	<u>1,772,385</u>
Expenditures:									
Current:									
General government	-	-	-	4,346	-	70,515	5,000	-	515,600
Public Safety	-	-	-	-	894	-	-	-	894
Highways and streets	-	-	-	-	-	-	-	-	648,052
Health and sanitation	86,669	-	-	-	-	-	-	-	86,669
Culture and recreation	-	222,949	-	-	-	-	-	-	238,449
Economic development	-	-	-	-	-	-	-	-	415,211
Capital outlay	-	780	-	-	-	-	-	-	61,659
Debt service:									
Interest	-	-	-	-	-	-	-	-	82,180
Total expenditures	<u>86,669</u>	<u>223,729</u>	<u>-</u>	<u>4,346</u>	<u>894</u>	<u>70,515</u>	<u>5,000</u>	<u>-</u>	<u>2,048,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(95,129)</u>	<u>-</u>	<u>(4,307)</u>	<u>11,506</u>	<u>(70,515)</u>	<u>(5,000)</u>	<u>16,229</u>	<u>(276,329)</u>
Other financing sources (uses):									
Sale of general capital assets	-	73,268	-	-	-	-	-	-	73,268
Transfers in	-	130,235	-	-	-	600,000	422,259	-	1,243,062
Transfers out	-	(135,014)	-	-	-	(709,079)	(623,505)	-	(1,589,042)
Total other financing sources (uses)	<u>-</u>	<u>68,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,079)</u>	<u>(201,246)</u>	<u>-</u>	<u>(272,712)</u>
Net change in fund balances	<u>-</u>	<u>(26,640)</u>	<u>-</u>	<u>(4,307)</u>	<u>11,506</u>	<u>(179,594)</u>	<u>(206,246)</u>	<u>16,229</u>	<u>(549,041)</u>
Fund balances, beginning of year	<u>-</u>	<u>323,753</u>	<u>3,409</u>	<u>15,971</u>	<u>1,317</u>	<u>1,016,335</u>	<u>1,171,501</u>	<u>-</u>	<u>3,045,301</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 297,113</u>	<u>\$ 3,409</u>	<u>\$ 11,664</u>	<u>\$ 12,823</u>	<u>\$ 836,741</u>	<u>\$ 965,255</u>	<u>\$ 16,229</u>	<u>\$ 2,496,260</u>

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FUNDS INCLUDED IN GENERAL FUND - BUDGETARY BASIS

CEMETERY

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 650	\$ 650	\$ 537	\$ (113)
Charges for services	58,200	58,200	70,227	12,027
Total revenues	58,850	58,850	70,764	11,914
Expenditures:				
Personal services	111,144	111,144	119,212	(8,068)
Contractual services	22,550	22,550	18,940	3,610
Commodities	33,800	33,800	26,984	6,816
Capital outlay	9,000	9,000	7,030	1,970
Total expenditures	176,494	176,494	172,166	4,328
Excess of revenues over (under) expenditures	(117,644)	(117,644)	(101,402)	16,242
Other financing sources:				
Transfers in	115,286	115,286	79,227	(36,059)
Net change in fund balances	(2,358)	(2,358)	(22,175)	(19,817)
Fund balance, beginning of year	2,358	2,358	27,963	25,605
Fund balance, end of year	\$ -	\$ -	5,788	\$ 5,788
<u>Reconciliation to GAAP</u>				
Plus receivables at December 31, 2017			527	
Less payables outstanding at December 31, 2017			(2,451)	
Fund balances on the basis of GAAP			\$ 3,864	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FUNDS INCLUDED IN GENERAL FUND - BUDGETARY BASIS

EXTERNAL STORES

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 80,000	\$ 80,000	\$ 77,706	\$ (2,294)
Expenditures:				
Contractual services	80,000	80,000	13,701	66,299
Net change in fund balances	-	-	64,005	64,005
Fund balance, beginning of year	-	-	(64,005)	(64,005)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<u>Reconciliation to GAAP</u>				
Plus inventory at December 31, 2017			<u>15,801</u>	
Fund balances on the basis of GAAP			<u>\$ 15,801</u>	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FUNDS INCLUDED IN GENERAL FUND - BUDGETARY BASIS

PRAIRIE TRAILS RESTAURANT/GOLF

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 408,000	\$ 408,000	\$ 348,145	\$ (59,855)
Miscellaneous	6,000	6,000	4,874	(1,126)
	414,000	414,000	353,019	(60,981)
Expenditures:				
Personal services	308,239	308,239	407,189	(98,950)
Contractual services	139,039	139,039	79,934	59,105
Commodities	127,700	127,700	120,163	7,537
Capital outlay	100,000	100,000	100,463	(463)
Total expenditures	674,978	674,978	707,749	(32,771)
Deficiency of revenues under expenditures	(260,978)	(260,978)	(354,730)	(93,752)
Other financing sources:				
Transfers in	273,514	273,514	362,155	88,641
Net change in fund balances	12,536	12,536	7,425	(5,111)
Fund balance, beginning of year	(12,536)	(12,536)	27,102	39,638
Fund balance, end of year	\$ -	\$ -	34,527	\$ 34,527
<u>Reconciliation to GAAP</u>				
Plus inventory at December 31, 2017			21,575	
Less payables outstanding at December 31, 2017			(11,283)	
Less salaries payable outstanding at December 31, 2017			(5,339)	
Fund balances on the basis of GAAP			\$ 39,480	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

AIRPORT FUND

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 84,231	\$ 84,231	\$ 78,864	\$ (5,367)
Charges for services	215,000	215,000	161,215	(53,785)
Miscellaneous	6,150	6,150	5,475	(675)
Total revenues	305,381	305,381	245,554	(59,827)
Expenditures:				
Current:				
Personal services	80,727	80,727	74,560	6,167
Contractual services	39,750	39,750	40,417	(667)
Commodities	88,750	88,750	87,351	1,399
Debt service:				
Principal	34,358	34,358	34,358	-
Interest expense	10,488	10,488	10,488	-
Total expenditures	254,073	254,073	247,174	6,899
Excess of revenues over (under) expenditures	51,308	51,308	(1,620)	(52,928)
Other financing uses:				
Transfers out	(42,000)	(42,000)	-	42,000
Net change in fund balances	9,308	9,308	(1,620)	(10,928)
Fund balance, beginning of year	(9,308)	(9,308)	18,175	27,483
Fund balance, end of year	\$ -	\$ -	16,555	\$ 16,555
Reconciliation to GAAP				
Plus receivables at December 31, 2017			7,803	
Less payables outstanding at December 31, 2017			(4,569)	
Plus inventory at December 31, 2017			19,918	
Fund balances on the basis of GAAP			\$ 39,707	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

MAJOR STREET IMPROVEMENT FUND

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 493,080	\$ 493,080	\$ 502,265	\$ 9,185
Licenses and permits	-	-	2,334	2,334
Miscellaneous	-	-	23,065	23,065
Total revenues	493,080	493,080	527,664	34,584
Expenditures:				
Personal services	587,574	587,574	495,445	92,129
Contractual services	107,650	107,650	43,273	64,377
Commodities	204,250	204,250	144,275	59,975
Capital outlay	63,000	63,000	50,879	12,121
Total expenditures	962,474	962,474	733,872	228,602
Excess of revenues over (under) expenditures	(469,394)	(469,394)	(206,208)	263,186
Other financing sources:				
Transfers in	500,000	500,000	90,410	(409,590)
Net change in fund balances	30,606	30,606	(115,798)	(146,404)
Fund balance, beginning of year	(30,606)	(30,606)	46,344	76,950
Fund balance, end of year	\$ -	\$ -	(69,454)	\$ (69,454)
Reconciliation to GAAP				
Plus receivables at December 31, 2017			134,493	
Less payables outstanding at December 31, 2017			(9,201)	
Fund balances on the basis of GAAP			\$ 55,838	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

INDUSTRIAL DEVELOPMENT FUND

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 98,407	\$ 98,407	\$ 92,635	\$ (5,772)
Miscellaneous	-	-	88,239	88,239
Total revenues	98,407	98,407	180,874	82,467
Expenditures:				
Contractual services	48,000	48,000	141,100	(93,100)
Miscellaneous	40,051	40,051	40,051	-
Total expenditures	88,051	88,051	181,151	(93,100)
Net change in fund balance	10,356	10,356	(277)	(10,633)
Fund balance, beginning of year	(10,356)	(10,356)	437,465	447,821
Fund balance, end of year	\$ -	\$ -	437,188	\$ 437,188
<u>Reconciliation to GAAP</u>				
Plus receivables at December 31, 2017			23,520	
Less advances outstanding at December 31, 2017			(445,303)	
Fund balances on the basis of GAAP			\$ 15,405	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 37,905	\$ 37,905	\$ 23,945	\$ (13,960)
Fees	1,900	1,900	2,041	141
Total revenues	39,805	39,805	25,986	(13,819)
Expenditures:				
Contractual services	15,500	15,500	15,500	-
Commodities	8,500	8,500	-	8,500
Total expenditures	24,000	24,000	15,500	8,500
Excess of revenues over (under) expenditures	15,805	15,805	10,486	(5,319)
Other financing uses:				
Transfers out	-	-	(61,091)	(61,091)
Net change in fund balances	15,805	15,805	(50,605)	(66,410)
Fund balance, beginning of year	(15,805)	(15,805)	65,362	81,167
Fund balance, end of year	\$ -	\$ -	\$ 14,757	\$ 14,757

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

TOURISM TAX FUND

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 214,000	\$ 214,000	\$ 159,396	\$ (54,604)
Rents and royalties	73,512	73,512	44,232	(29,280)
Licenses and permits	54,100	54,100	21,122	(32,978)
Miscellaneous	2,500	2,500	2,440	(60)
Total revenues	344,112	344,112	227,190	(116,922)
Expenditures:				
Personal services	98,471	98,471	92,746	5,725
Contractual services	172,957	172,957	100,230	72,727
Commodities	22,100	22,100	13,990	8,110
Capital outlay	-	-	10,000	(10,000)
Miscellaneous	40,051	40,051	40,051	-
Total expenditures	333,579	333,579	257,017	76,562
Excess of revenues over (under) expenditures	10,533	10,533	(29,827)	(40,360)
Other financing uses:				
Transfers out	-	-	(42,000)	(42,000)
Net change in fund balances	10,533	10,533	(71,827)	(82,360)
Fund balance, beginning of year	(10,533)	(10,533)	341,311	351,844
Fund balance, end of year	\$ -	\$ -	269,484	\$ 269,484
Reconciliation to GAAP				
Plus receivables at December 31, 2017			50,146	
Less payables outstanding at December 31, 2017			(33,281)	
Less advances outstanding at December 31, 2017			(445,303)	
Fund balances on the basis of GAAP			\$ (158,954)	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

ECONOMIC DEVELOPMENT SALES TAX FUND

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Miscellaneous	-	-	29,416	29,416
Total revenues	50,000	50,000	79,416	29,416
Expenditures:				
Contractual services	-	-	56,959	(56,959)
Excess of revenues over (under) expenditures	50,000	50,000	22,457	(27,543)
Other financing sources (uses):				
Transfers in	-	-	158	158
Transfers out	-	-	(353)	(353)
Net change in fund balances	50,000	50,000	22,262	(27,738)
Fund balance, beginning of year	(50,000)	(50,000)	202,693	252,693
Fund balance, end of year	\$ -	\$ -	224,955	224,955
<u>Reconciliation to GAAP</u>				
Less payables outstanding at December 31, 2017			(5,000)	
			<u>\$ 219,955</u>	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

STORMWATER UTILITY FUND

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 150	\$ 150	\$ -	\$ (150)
Special assessment taxes	424,850	424,850	243,101	(181,749)
Reimbursements	1,500	1,500	314	(1,186)
Total revenues	426,500	426,500	243,415	(183,085)
Expenditures:				
Personal services	284,810	284,810	166,052	118,758
Contractual services	57,250	57,250	34,532	22,718
Commodities	45,250	45,250	18,761	26,489
Total expenditures	387,310	387,310	219,345	167,965
Excess of revenues over expenditures	39,190	39,190	24,070	(15,120)
Other financing uses:				
Transfers out	(18,000)	(18,000)	(18,000)	-
Net change in fund balances	21,190	21,190	6,070	(15,120)
Fund balance, beginning of year	(21,190)	(21,190)	163,238	184,428
Fund balance, end of year	\$ -	\$ -	169,308	\$ 169,308
<u>Reconciliation to GAAP</u>				
Less payables outstanding at December 31, 2017			(2,990)	
Fund balances on the basis of GAAP			\$ 166,318	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

DEBT SERVICE FUND

Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,090,284	\$ 1,090,284	\$ 1,020,335	\$ (69,949)
Special assessments	312,944	312,944	357,470	44,526
Investment earnings	400	400	-	(400)
Miscellaneous	123,965	123,965	215,001	91,036
Total revenues	1,527,593	1,527,593	1,592,806	65,213
Expenditures:				
Contractual services	-	-	38,080	(38,080)
Debt service:				
Principal	1,181,894	1,181,894	1,274,615	(92,721)
Interest	344,935	344,935	328,463	16,472
Total expenditures	1,526,829	1,526,829	1,641,158	(114,329)
Excess of revenues over (under) expenditures	764	764	(48,352)	(49,116)
Other financing sources (uses):				
Transfers in	-	-	361,761	361,761
Transfers out	-	-	(150)	(150)
Net change in fund balances	764	764	313,259	312,495
Fund balance, beginning of year	(764)	(764)	(171,875)	(171,111)
Fund balance, end of year	\$ -	\$ -	141,384	\$ 141,384
<u>Reconciliation to GAAP</u>				
Plus receivables at December 31, 2017			10,064	
Fund balances on the basis of GAAP			\$ 151,448	

FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS

Sales Tax Fund – to account for the collection of State and local sales tax on water sales and other miscellaneous sales.

Payroll Withholding Fund – to account for payroll tax and other withholdings from employee wages due to other governmental agencies or others.

Community Improvement District – to account for Community Improvement District (CID) sales tax collections in the CID.

CITY OF EL DORADO, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS

Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
<u>SALES TAX FUND</u>				
Assets:				
Cash and investments	\$ 1,510	\$ 19,430	\$ 18,948	\$ 1,992
Accounts receivable	1,248	1,831	1,248	1,831
Total assets	<u>\$ 2,758</u>	<u>\$ 21,261</u>	<u>\$ 20,196</u>	<u>\$ 3,823</u>
Liabilities:				
Accounts payable	<u>\$ 2,758</u>	<u>\$ 21,261</u>	<u>\$ 20,196</u>	<u>\$ 3,823</u>
<u>PAYROLL WITHHOLDING FUND</u>				
Assets:				
Cash and investments	\$ 1,595	\$ 297,484	\$ 1,595	\$ 297,484
Total assets	<u>\$ 1,595</u>	<u>\$ 297,484</u>	<u>\$ 1,595</u>	<u>\$ 297,484</u>
Liabilities:				
Accounts payable	<u>\$ 1,595</u>	<u>\$ 297,484</u>	<u>\$ 1,595</u>	<u>\$ 297,484</u>
<u>COMMUNITY IMPROVEMENT DISTRICT</u>				
Assets:				
Cash and investments	\$ -	\$ 22,505	\$ 18,880	\$ 3,625
Accounts receivable	-	11,355	-	11,355
Total assets	<u>\$ -</u>	<u>\$ 33,860</u>	<u>\$ 18,880</u>	<u>\$ 14,980</u>
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 33,860</u>	<u>\$ 18,880</u>	<u>\$ 14,980</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 3,105	\$ 339,419	\$ 39,423	\$ 303,101
Accounts receivable	1,248	13,186	1,248	13,186
Total assets	<u>\$ 4,353</u>	<u>\$ 352,605</u>	<u>\$ 40,671</u>	<u>\$ 316,287</u>
Liabilities:				
Accounts payable	<u>\$ 4,353</u>	<u>\$ 352,605</u>	<u>\$ 40,671</u>	<u>\$ 316,287</u>

COMPONENT UNIT

The Bradford Memorial Library is reported as a discretely presented component unit within the financial statements of the City of El Dorado (the reporting entity) to emphasize its separate legal status. The Bradford Memorial Library Board is appointed by the City Commission and operates the public library of the City. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The Library Board also receives funding through state assistance programs, charges for services and donations from the public.

CITY OF EL DORADO, KANSAS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT

BRADFORD MEMORIAL LIBRARY

December 31, 2017

ASSETS

Cash and investments	\$ 475,322
Endowment investment	210,569
Property tax receivable	<u>421,710</u>
 Total assets	 <u><u>\$ 1,107,601</u></u>

LIABILITIES, DEFERRED INFLOWS OF
OF RESOURCES AND FUND BALANCES

Liabilities:	
Accounts payable	<u>\$ 163,715</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	<u>421,710</u>
Fund balances:	
Restricted:	
Specific library programs	228,755
Assigned	<u>293,421</u>
 Total fund balances	 <u>522,176</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u><u>\$ 1,107,601</u></u>

CITY OF EL DORADO, KANSAS

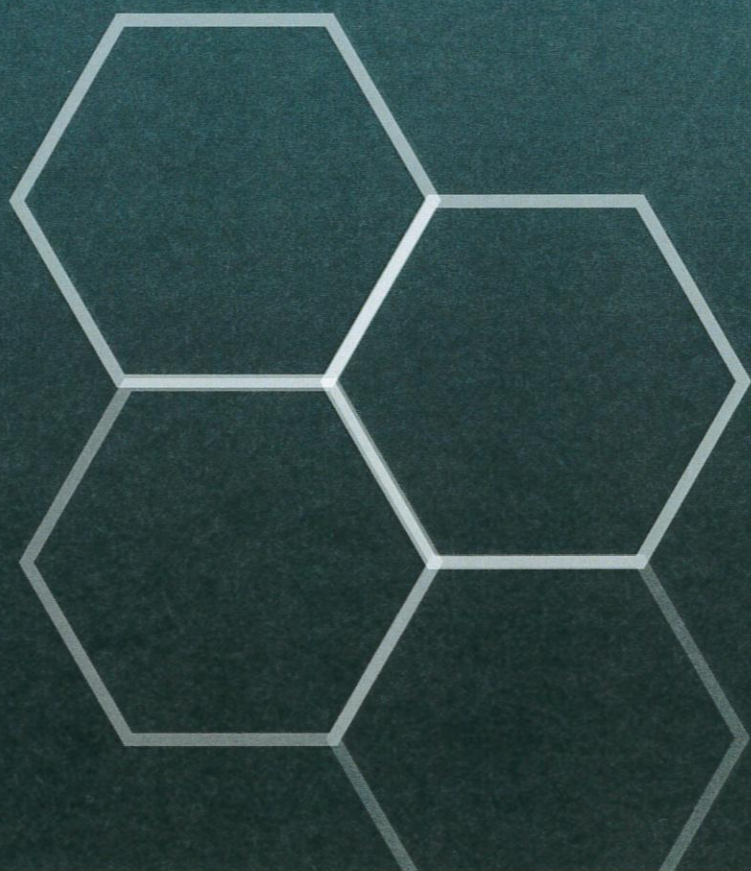
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT

BRADFORD MEMORIAL LIBRARY

Year Ended December 31, 2017

Revenues:	
Property taxes	\$ 474,107
Intergovernmental	43,045
Charges for services	4,063
Fines and forfeitures	10,853
Gain on investments	23,748
Miscellaneous	<u>27,004</u>
Total revenues	<u>582,820</u>
Expenditures:	
Personal services	346,443
Contractual services	152,433
General government	1,380
Commodities	95,048
Debt service:	
Principal	25,000
Interest	<u>5,803</u>
Total expenditures	<u>626,107</u>
Net change in fund balance	<u>(43,287)</u>
Fund balances, beginning of year as previously stated	270,463
Prior period adjustments	<u>295,000</u>
Fund balances, beginning of year as restated	<u>565,463</u>
Fund balances, end of year	<u><u>\$ 522,176</u></u>

Statistical Section



STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

	<u>Page</u>
Financial Trends	115 - 121
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	122 - 125
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, the property tax.	
Debt Capacity	126 - 130
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	131 - 132
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	133 - 135
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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City of El Dorado
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net investment in capital assets	\$ 17,783,134	\$ 28,633,981	\$ 34,324,735	\$ 30,150,968	\$ 30,967,195	\$ 30,188,763	\$ 34,296,398	\$ 29,539,248	\$ 31,001,068	\$ 32,504,209
Restricted	7,734,827	4,194,764	4,952,971	4,889,410	3,792,344	4,215,381	3,629,818	5,570,106	5,776,169	5,618,006
Unrestricted	5,012,872	6,974,613	2,759,317	8,719,784	5,609,678	6,918,169	3,341,366	1,886,158	(1,651,934)	(2,954,862)
Total Governmental Activities Net Assets	<u>\$ 30,530,833</u>	<u>\$ 39,803,358</u>	<u>\$ 42,037,023</u>	<u>\$ 43,760,162</u>	<u>\$ 40,369,217</u>	<u>\$ 41,322,313</u>	<u>\$ 41,267,582</u>	<u>\$ 36,995,512</u>	<u>\$ 35,125,303</u>	<u>\$ 35,167,353</u>
Business-Type Activities										
Net investment in capital assets	\$ 18,506,653	\$ 18,932,616	\$ 18,122,626	\$ 18,777,765	\$ 20,367,761	\$ 21,303,503	\$ 21,429,958	\$ 20,861,680	\$ 21,137,164	\$ 21,632,458
Restricted	5,275,462	4,291,580	-	-	-	-	-	-	-	-
Unrestricted	4,873,410	4,487,827	(5,716,018)	(7,359,679)	(11,450,255)	(13,777,603)	(13,745,532)	(16,192,653)	(18,086,405)	(18,400,401)
Total Business-Type Activities Net Assets	<u>\$ 28,655,525</u>	<u>\$ 27,712,023</u>	<u>\$ 12,406,608</u>	<u>\$ 11,418,086</u>	<u>\$ 8,917,506</u>	<u>\$ 7,525,900</u>	<u>\$ 7,684,426</u>	<u>\$ 4,669,027</u>	<u>\$ 3,050,759</u>	<u>\$ 3,232,057</u>
Primary Government										
Net investment in capital assets	\$ 36,289,787	\$ 47,566,597	\$ 52,447,361	\$ 48,928,733	\$ 51,334,956	\$ 51,492,266	\$ 55,726,356	\$ 50,400,928	\$ 52,138,232	\$ 54,136,667
Restricted	13,010,289	8,486,344	4,952,971	4,889,410	3,792,344	4,215,381	3,629,818	5,570,106	5,776,169	5,618,006
Unrestricted	9,886,282	11,462,440	(2,956,701)	1,360,105	(5,840,577)	(6,859,434)	(10,404,166)	(14,306,495)	(19,738,339)	(21,355,263)
Total Primary Government Net Assets	<u>\$ 59,186,358</u>	<u>\$ 67,515,381</u>	<u>\$ 54,443,631</u>	<u>\$ 55,178,248</u>	<u>\$ 49,286,723</u>	<u>\$ 48,848,213</u>	<u>\$ 48,952,008</u>	<u>\$ 41,664,539</u>	<u>\$ 38,176,062</u>	<u>\$ 38,399,410</u>

City of El Dorado
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 1,864,451	\$ 2,043,993	\$ 1,671,142	\$ 1,880,860	\$ 2,202,906	\$ 2,021,994	\$ 2,755,952	\$ 3,345,911	\$ 2,999,221	\$ 2,308,622
Public safety	3,249,257	3,434,979	3,742,666	3,644,530	3,799,331	3,767,376	3,906,171	4,055,854	4,246,184	4,123,977
Public works	1,868,543	2,444,611	3,201,411	4,283,125	3,254,173	3,278,271	3,476,247	3,748,977	5,407,872	3,708,612
Health and sanitation	325,911	380,489	415,808	371,126	411,502	392,681	478,020	457,600	416,036	410,278
Culture and recreation	1,118,413	1,391,219	2,018,666	1,542,864	1,389,464	1,297,591	1,476,436	1,362,045	1,513,728	1,602,837
Economic development	696,186	245,863	173,649	201,947	178,197	214,899	199,198	261,256	271,252	451,731
Environmental protection	11,188	28,515	-	-	-	-	-	-	-	-
Interest on long-term debt	616,879	537,940	397,343	366,675	432,603	527,442	486,109	549,125	499,604	388,106
Total Governmental Activities Expenses	<u>\$ 9,750,828</u>	<u>\$ 10,507,609</u>	<u>\$ 11,620,685</u>	<u>\$ 12,291,127</u>	<u>\$ 11,668,176</u>	<u>\$ 11,500,254</u>	<u>\$ 12,778,133</u>	<u>\$ 13,780,768</u>	<u>\$ 14,753,897</u>	<u>\$ 12,994,163</u>
Business-type activities:										
Waterworks system	\$ 3,103,040	\$ 3,496,339	\$ 4,371,604	\$ 4,629,494	\$ 4,469,711	\$ 4,822,852	\$ 4,845,259	\$ 4,838,768	\$ 5,378,480	\$ 4,800,942
Sewer system	1,922,659	2,354,435	2,076,189	2,313,956	2,069,672	2,109,889	2,109,698	2,441,626	2,635,077	2,256,590
Refuse	1,442,318	1,859,452	1,367,679	1,402,160	1,448,504	1,273,960	1,522,051	1,386,909	1,325,981	1,350,666
Compressed Natural Gas	-	-	-	-	-	-	-	16,839	12,694	25,622
Total business-type activities expenses	<u>6,468,017</u>	<u>7,710,226</u>	<u>7,815,472</u>	<u>8,345,610</u>	<u>7,987,887</u>	<u>8,206,701</u>	<u>8,477,008</u>	<u>8,684,142</u>	<u>9,352,232</u>	<u>8,433,820</u>
Total Primary Government Expenses	<u>\$ 16,218,845</u>	<u>\$ 18,217,835</u>	<u>\$ 19,436,157</u>	<u>\$ 20,636,737</u>	<u>\$ 19,656,063</u>	<u>\$ 19,706,955</u>	<u>\$ 21,255,141</u>	<u>\$ 22,464,910</u>	<u>\$ 24,106,129</u>	<u>\$ 21,427,983</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 751,574	\$ 345,158	\$ 598,148	\$ 649,247	\$ 189,402	\$ 1,307,835	\$ 633,957	\$ 1,639,486	\$ 646,945	\$ 877,175
Public safety	823,297	843,559	654,256	642,715	635,027	701,270	613,069	587,195	616,403	639,331
Public works	36,072	313,580	582,910	131,947	194,528	199,621	227,672	243,059	201,443	171,250
Health and sanitation	87,016	125,911	426,229	128,012	117,179	112,466	118,383	100,789	225,290	225,679
Culture and recreation	114,374	139,964	712,167	628,262	652,320	659,220	616,928	714,811	552,456	511,527
Economic development	3,606	67,046	-	-	-	-	-	-	-	-
Interest on long-term debt	363,259	677,018	-	-	-	-	-	-	-	-
Operating grants and contributions	1,672,026	2,830,120	717,788	654,761	602,199	592,341	603,208	-	725,531	586,979
Capital grants and contributions ²	337,156	6,017,908	3,245,441	2,032,024	2,305,996	1,103,343	2,422,225	-	1,801,273	1,522,589
Total Governmental Activities Program Revenues	<u>\$ 4,188,380</u>	<u>\$ 11,360,264</u>	<u>\$ 6,936,939</u>	<u>\$ 4,866,968</u>	<u>\$ 4,696,651</u>	<u>\$ 4,676,096</u>	<u>\$ 5,235,442</u>	<u>\$ 3,285,340</u>	<u>\$ 4,769,341</u>	<u>\$ 4,534,530</u>

Business-type activities:

City of El Dorado

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Charges for services:										
Waterworks system	\$ 3,594,276	\$ 3,584,921	\$ 3,753,098	\$ 4,378,079	\$ 4,204,657	\$ 3,863,280	\$ 4,253,360	\$ 3,947,993	\$ 4,399,825	\$ 4,162,309
Sewer system	2,065,669	2,059,584	2,401,345	2,303,103	2,146,207	1,960,274	2,096,994	2,175,079	2,058,033	2,460,313
Refuse	1,539,636	1,496,583	1,446,387	1,452,599	1,434,386	1,359,800	1,404,573	1,538,748	1,508,945	1,615,743
Compressed Natural Gas	-	-	-	-	-	-	57	16,373	17,757	28,501
Operating grants & contributions	-	-	-	-	-	-	-	-	-	-
Capital grants & contributions	213,306	329,981	-	301,494	842,501	100	61,330	-	58,151	518,832
Total business-type activities program revenues	7,412,887	7,471,069	7,600,830	8,435,275	8,627,751	7,183,454	7,816,314	7,678,193	8,042,711	8,785,698
Total Primary Government Program Revenues	\$ 11,601,267	\$ 18,831,333	\$ 14,537,769	\$ 13,302,243	\$ 13,324,402	\$ 11,859,550	\$ 13,051,756	\$ 10,963,533	\$ 12,812,052	\$ 13,320,228
Net (Expense)/ Revenue										
Governmental activities	\$ (5,562,448)	\$ 852,655	\$ (4,683,746)	\$ (7,424,159)	\$ (6,971,525)	\$ (6,824,158)	\$ (7,542,691)	\$ (10,495,428)	\$ (9,984,556)	\$ (8,459,633)
Business-type activities	944,870	(239,157)	(214,642)	89,665	639,864	(1,023,247)	(660,694)	(1,005,949)	(1,309,521)	351,878
Total Primary Government Net Expense	\$ (4,617,578)	\$ 613,498	\$ (4,898,388)	\$ (7,334,494)	\$ (6,331,661)	\$ (7,847,405)	\$ (8,203,385)	\$ (11,501,377)	\$ (11,294,077)	\$ (8,107,755)
General Revenues:										
Governmental activities:										
Taxes										
Property taxes	\$ 4,069,974	\$ 4,254,049	\$ 3,857,069	\$ 3,983,853	\$ 3,651,884	\$ 3,806,320	\$ 3,830,127	\$ 3,806,019	\$ 3,879,130	\$ 4,066,071
Sales taxes	2,544,465	2,295,901	2,149,953	2,266,633	2,377,070	2,370,532	2,508,095	2,610,716	2,512,159	2,408,098
Franchise taxes	1,320,151	1,496,324	1,090,324	1,075,331	1,050,082	1,174,104	1,225,660	1,171,972	1,288,810	1,287,895
Tourism taxes	189,497	154,538	141,187	151,814	166,878	173,221	172,343	206,669	168,713	163,069
Investment earnings	182,996	41,448	28,447	19,829	6,731	5,050	2,774	63,304	43,871	11,425
Miscellaneous	-	-	-	-	-	-	-	-	-	80,135
Transfers in (out)	-	177,610	39,401	1,649,838	1,906,934	248,027	(251,039)	999,723	766,229	522,269
Total Governmental Activities	\$ 8,307,083	\$ 8,419,870	\$ 7,306,381	\$ 9,147,298	\$ 9,159,579	\$ 7,777,254	\$ 7,487,960	\$ 8,858,403	\$ 8,658,912	\$ 8,538,962
Business-type activities:										
Investment earnings ¹	\$ 515,030	\$ (526,735)	\$ 318,628	\$ 571,651	\$ 160,775	\$ (120,332)	\$ 568,181	\$ 132,906	\$ 258,680	\$ 314,410
Miscellaneous	-	-	-	-	-	-	-	-	198,802	-
Transfer in (out)	-	(177,610)	(39,401)	(1,649,838)	(1,906,934)	(248,027)	251,039	(999,723)	(766,229)	(522,269)
Total business-type activities	515,030	(704,345)	279,227	(1,078,187)	(1,746,159)	(368,359)	819,220	(866,817)	(308,747)	(207,859)
Total Primary Government	\$ 8,822,113	\$ 7,715,525	\$ 7,585,608	\$ 8,069,111	\$ 7,413,420	\$ 7,408,895	\$ 8,307,180	\$ 7,991,586	\$ 8,350,165	\$ 8,331,103
Change In Net Position										
Governmental activities	\$ 2,744,635	\$ 9,272,525	\$ 2,622,635	\$ 1,723,139	\$ 2,188,054	\$ 953,096	\$ (54,731)	\$ 1,088,676	\$ (1,325,644)	\$ 79,329
Business-type activities	1,459,900	(943,502)	64,585	(988,522)	(1,106,295)	(1,391,606)	158,526	(1,664,808)	(1,618,268)	144,019
Total Primary Government	\$ 4,204,535	\$ 8,329,023	\$ 2,687,220	\$ 734,617	\$ 1,081,759	\$ (438,510)	\$ 103,795	\$ (576,132)	\$ (2,943,912)	\$ 223,348

¹ In 2009 and 2013, the decrease in fair value of investments for the water fund created a negative revenue.

² In 2009, a building in the Industrial park was sold, and grants were received for the North Main bridge project and the West Central Avenue paving project.

City of El Dorado
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 246,990	\$ 178,895	\$ 968,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,947,109	4,161,390	3,836,107	-	-	-	-	-	-	-
Nonspendable ¹	-	-	-	104,577	115,518	141,556	85,643	33,820	19,374	37,376
Restricted ¹	-	-	-	-	-	-	-	-	-	-
Committed ¹	-	-	-	-	-	-	-	-	-	-
Assigned ¹	-	-	-	787,183	399,687	452,540	571,895	625,355	375,021	454,116
Unassigned ¹	-	-	-	3,524,885	3,154,540	3,236,214	3,300,921	3,223,156	2,634,603	2,513,312
Total General Fund	\$ 4,194,099	\$ 4,340,285	\$ 4,804,183	\$ 4,416,645	\$ 3,669,745	\$ 3,830,310	\$ 3,958,459	\$ 3,882,331	\$ 3,028,998	\$ 3,004,804
All Other Governmental Funds										
Reserved	\$ 365,704	\$ 1,434,580	\$ 1,716,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,013,486	2,110,369	1,862,969	-	-	-	-	-	-	-
Construction fund	514,302	(682,230)	(3,842,274)	-	-	-	-	-	-	-
Debt service fund	592,941	599,126	736,524	-	-	-	-	-	-	-
Nonspendable ¹	-	-	-	-	-	-	-	20,881	26,781	19,918
Restricted ¹	-	-	-	1,441,774	1,350,142	1,242,310	526,863	2,278,825	2,573,122	2,010,964
Committed ¹	-	-	-	290,226	12,254	3,409	179,440	191,413	3,409	3,409
Assigned ¹	-	-	-	4,536,209	280,604	387,152	302,679	272,958	678,429	605,518
Unassigned ¹	-	-	-	-	(1,382,393)	1,428,533	(3,876,124)	(159,804)	(404,761)	(1,421,732)
Total All Other Governmental Funds	\$ 2,486,433	\$ 3,461,845	\$ 473,904	\$ 6,268,209	\$ 260,607	\$ 3,061,404	\$ (2,867,142)	\$ 2,604,273	\$ 2,876,980	\$ 1,218,077

Notes: Bonds are generally issued for the City's construction projects every two years. Bond issues in 2006 and 2008, reduced or eliminated the deficit in the Construction Fund. Although a bond was issued in 2010 to reduce the deficit, a liability was created on the Balance Sheet of \$3,842,274. This was partly due to temporary notes issued of \$2,162,134 to help cover excess expenses not included in the bond and part was to currently refund the remaining \$755,000 balance of the Series 2002 General Obligation bonds.

¹ New categories associated with implementation of GASB 54 for year ending December 31, 2011.

City of El Dorado
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 8,124,087	\$ 8,200,812	\$ 7,238,533	\$ 7,477,631	\$ 7,245,914	\$ 7,524,177	\$ 7,736,225	\$ 7,795,376	\$ 7,848,812	\$ 7,925,133
Intergovernmental	923,801	1,228,511	2,779,121	1,132,263	2,031,138	862,696	713,441	1,060,212	1,446,873	1,366,280
Licenses and permits	112,214	140,719	128,612	128,930	148,891	106,354	126,432	299,218	196,046	191,846
Charges for services	953,987	864,245	1,631,740	1,390,018	1,527,311	1,383,555	1,570,319	1,497,588	1,221,397	1,382,813
Fines and forfeitures	261,838	266,283	331,678	248,445	295,843	312,345	331,806	355,959	419,796	373,381
Special assessment taxes	677,581	862,849	865,168	891,890	845,586	829,432	1,837,078	607,448	600,415	600,571
Use of money and property	807,482	5,360,556	28,447	19,829	6,731	5,050	2,774	63,304	43,271	11,425
Employee/Employer contributions	919,210	1,047,063	-	-	-	-	-	-	-	-
Miscellaneous	342,936	1,210,595	674,181	574,466	293,173	511,320	915,815	1,936,458	856,880	539,974
Total revenues	\$ 13,123,136	\$ 19,181,633	\$ 13,677,480	\$ 11,863,472	\$ 12,394,587	\$ 11,534,929	\$ 13,233,890	\$ 13,615,563	\$ 12,633,490	\$ 12,391,423
Expenditures										
General government	\$ 1,996,520	\$ 2,273,971	\$ 1,464,215	\$ 1,464,958	\$ 2,001,441	\$ 1,795,145	\$ 2,145,740	\$ 2,153,525	\$ 1,925,518	\$ 1,643,600
Public Safety	3,336,240	3,424,203	3,370,681	3,433,538	3,561,539	3,528,601	3,557,487	3,734,445	3,856,591	3,804,030
Highways and streets	1,375,937	1,834,963	1,743,191	1,802,441	1,740,316	1,664,529	1,702,826	1,664,652	1,661,177	1,573,624
Health and sanitation	338,867	376,353	398,288	353,701	393,732	375,751	462,797	443,129	398,141	393,656
Culture and recreation	1,143,942	3,995,766	1,919,208	1,448,000	1,271,625	1,190,358	1,359,086	1,215,149	1,300,726	1,430,253
Environmental protection	11,188	28,515	-	-	-	-	-	-	-	-
Economic development	514,590	245,674	173,459	201,758	176,039	191,459	176,134	224,736	234,523	415,211
Capital improvements	2,447,695	1,560,545	6,414,857	3,984,996	9,561,723	2,988,055	5,707,803	4,240,256	3,544,902	2,873,244
Debt service										
Principal	1,779,535	3,952,666	1,483,200	3,511,342	1,905,335	1,228,512	3,709,972	1,278,744	3,125,118	1,513,545
Interest	623,882	600,199	403,659	353,670	430,152	463,490	530,757	483,297	586,203	479,761
Debt Issuance Costs	-	-	-	-	-	40,016	-	-	-	-
Total expenditures	\$ 13,568,396	\$ 18,292,855	\$ 17,370,758	\$ 16,554,404	\$ 21,041,902	\$ 13,465,916	\$ 19,352,602	\$ 15,437,933	\$ 16,632,899	\$ 14,126,924
Excess of revenues over (under) expenditures	\$ (445,260)	\$ 888,778	\$ (3,693,278)	\$ (4,690,932)	\$ (8,647,315)	\$ (1,930,987)	\$ (6,118,712)	\$ (1,822,370)	\$ (3,999,409)	\$ (1,735,501)

City of El Dorado
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Continued)
(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other financing sources (uses)										
General obligation bonds issued	\$ 3,310,000	-	\$ 890,641	\$ 5,715,000	-	\$ 4,644,322	\$ -	\$ 248,245	\$ 60,067	\$ -
Sale of real estate	-	-	-	-	-	-	-	-	-	80,135
Proceeds from capital lease obligations	-	55,210	-	-	-	-	569,354	64,689	1,152,052	-
Temporary Notes Issued	-	-	-	-	-	-	-	2,548,000	-	-
Refunding bonds issued	-	-	757,621	-	-	-	-	3,357,000	1,985,000	-
Payment to refunded bond escrow agent	-	-	(755,000)	-	-	-	-	-	-	-
Transfers in	1,640,980	1,687,190	2,731,795	4,219,322	4,948,663	2,892,525	4,543,673	6,693,841	7,890,036	4,079,567
Transfers out	(1,640,980)	(1,509,580)	(2,692,394)	(2,576,623)	(3,055,850)	(2,644,498)	(4,794,712)	(5,694,118)	(7,123,807)	(3,557,298)
Total other financing sources (uses)	\$ 3,310,000	\$ 232,820	\$ 932,663	\$ 7,357,699	\$ 1,892,813	\$ 4,892,349	\$ 318,315	\$ 7,217,657	\$ 3,963,348	\$ 602,404
Net change in Fund Balances	\$ 2,864,740	\$ 1,121,598	\$ (2,760,615)	\$ 2,666,767	\$ (6,754,502)	\$ 2,961,362	\$ (5,800,397)	\$ 5,395,287	\$ (36,061)	\$ (1,133,097)
Fund balances, beginning of year, as originally stated	\$ -	\$ -	\$ 7,802,130	\$ 8,018,087	\$ 10,684,854	\$ 3,930,352	\$ 6,891,714	\$ 1,091,317	\$ 6,486,604	\$ 5,905,978
Prior period adjustment	-	-	236,572	-	-	-	-	-	(544,565)	(550,000)
Fund balances, beginning of year, as restated	\$ -	\$ -	\$ 8,038,702	\$ 8,018,087	\$ 10,684,854	\$ 3,930,352	\$ 6,891,714	\$ 1,091,317	\$ 5,942,039	\$ 5,355,978
Fund balances, end of year	<u>\$ 2,864,740</u>	<u>\$ 1,121,598</u>	<u>\$ 5,278,087</u>	<u>\$ 10,684,854</u>	<u>\$ 3,930,352</u>	<u>\$ 6,891,714</u>	<u>\$ 1,091,317</u>	<u>\$ 6,486,604</u>	<u>\$ 5,905,978</u>	<u>\$ 4,222,881</u>
Debt service as a percentage of noncapital expenditures	24.3%	42.9%	16.7%	27.9%	16.1%	16.2%	30.3%	14.1%	28.0%	17.6%

City of El Dorado
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Motor Vehicle Tax	Sales Tax	Franchise Tax	Transient Guest Tax	Total
2008 ¹	\$ 3,506,113	\$ 563,862	\$ 2,544,465	\$ 1,320,150	\$ 189,497	\$ 8,124,087
2009	3,693,414	560,635	2,295,901	1,496,324	154,538	8,200,812
2010	3,377,300	479,769	2,149,953	1,090,324	141,187	7,238,533
2011	3,515,651	468,202	2,266,633	1,075,331	151,814	7,477,630
2012	3,158,613	493,271	2,377,070	1,050,082	166,878	7,245,914
2013	3,350,856	455,464	2,370,532	1,174,104	173,221	7,524,177
2014	3,348,253	481,874	2,508,095	1,225,660	172,343	7,736,225
2015	3,294,163	511,856	2,610,716	1,171,972	206,669	7,795,376
2016	3,382,302	496,828	2,512,159	1,288,810	168,713	7,848,812
2017	3,553,157	512,914	2,408,098	1,287,895	163,069	7,925,133

Notes:

¹The increase in Transient Guest Tax Revenues is due to the combination of a new Holiday Inn Express opening in El Dorado and many additional laborers in town seeking lodging while working on capital projects for Frontier Oil Corporation.

City of El Dorado

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year ²	Total Tax Levy ¹	Collected within the Current Year		Delinquent Tax Collections	Total Collected	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 3,658,934	\$ 3,357,533	91.8%	\$ 148,580	\$ 3,506,113	95.8%
2009	3,855,346	3,568,745	92.6%	124,669	3,693,414	95.8%
2010	3,877,462	3,329,764	85.9%	177,149	3,506,913	90.4%
2011	4,042,000	3,799,242	94.0%	184,611	3,983,853	98.6%
2012	3,620,912	3,177,108	87.7%	162,868	3,339,976	92.2%
2013	3,880,933	3,362,613	86.6%	180,643	3,543,256	91.3%
2014	3,858,827	3,541,256	91.8%	197,988	3,739,244	96.9%
2015	3,744,463	3,468,283	92.6%	201,523	3,669,806	98.0%
2016	4,055,406	3,812,166	94.0%	182,657	3,994,823	98.5%
2017	4,592,141	3,801,217	82.8%	154,752	3,955,969	86.1%

Notes:

¹ As computed and certified by Butler County Clerk on November 1 of levy year.

² The year in which the tax was collected.

City of El Dorado
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Levy Year	Real Property	Personal Property ¹	Utilities	Oil & Gas	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2008	\$ 72,305,376	\$ 5,575,066	\$ 3,894,863	\$ 146,999	\$ 81,922,304	47.061	\$ 543,546,896	15.07%
2009	73,854,674	4,737,185	3,881,799	30,794	82,504,452	46.997	549,408,643	15.02%
2010	74,505,823	3,939,697	4,043,772	17,350	82,506,642	48.990	547,503,613	15.07%
2011	73,009,479	3,708,714	4,171,358	2,993	80,892,544	44.762	539,390,248	15.00%
2012	74,272,212	3,650,271	4,360,055	5,130	82,287,668	47.163	386,914,778	21.27%
2013	73,878,484	3,372,708	4,436,778	2,808	81,690,778	47.237	543,353,468	15.03%
2014	72,925,530	2,335,516	4,322,469	1,253	79,584,768	47.050	525,111,705	15.16%
2015	74,333,163	2,360,508	4,852,242	1,276	81,547,189	47.046	531,918,670	15.33%
2016	76,909,849	2,587,788	4,915,755	3,878	84,417,270	48.040	549,387,855	15.37%
2017	79,065,681	2,468,867	5,106,589	3,878	86,645,015	52.995	564,289,277	15.35%

Source: Butler County Clerk

Notes: The assessed value of each class is calculated by varying percentages of appraised or market value. Residential real property is assessed at 11.5% of fair market value, commercial property at 25%, and all other property rates ranging from 12% to 33%.

¹ Assessed values for Personal Property do not include motor vehicle valuation.

**City of El Dorado
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Year ¹	City of El Dorado						Other Overlapping Governments ²					
	General	Library	Industrial Mill Levy	Debt Service	Airport	Total City	Butler County	Butler Community College	State of Kansas	Unified School District No. 490	Unified School District No. 375	Unified School District No. 205
2008 ⁴	24.784	4.675	1.012	16.298	0.292	47.061	36.434	18.195	1.500	49.865	53.001	51.181
2009 ⁵	26.768	4.322	0.999	13.779	1.129	46.997	36.522	18.194	1.500	50.745	53.019	58.947
2010 ⁶	29.207	4.771	1.042	13.321	0.649	48.990	35.822	18.002	1.500	51.443	55.790	61.609
2011 ⁷	27.841	4.613	0.730	10.902	0.676	44.762	35.775	18.005	1.500	60.404	58.165	60.327
2012	31.354	4.724	1.000	8.958	1.127	47.163	35.273	18.005	1.500	60.371	57.940	64.391
2013	32.905	4.951	0.973	8.202	0.206	47.237	35.164	18.021	1.500	61.194	64.055	56.578
2014	30.306	4.992	1.018	10.734	0.000	47.050	35.133	18.003	1.500	59.828	66.358	47.071
2015	30.722	4.894	0.979	9.603	0.848	47.046	35.012	18.063	1.500	60.835	65.621	55.444
2016	30.320	4.887	0.979	11.007	0.847	48.040	34.747	20.074	1.500	63.518	62.639	48.036
2017	31.475	4.867	1.000	14.877	0.776	52.995	34.749	20.075	1.500	65.412	64.040	49.518

Source: Butler County Clerk

Notes:

¹ The year shown is the year in which taxes are levied for collection in the following fiscal year.

² Overlapping rates are those of local and county governments that apply to property owners within the city limits of El Dorado. Not all overlapping rates apply to all property owners. The rates for Unified School District No. 490 and Unified School District No. 375 only apply to approximately 82.1% and 17.9%, respectively, of the property in El Dorado. The rates for Unified School District No. 205 only apply to two businesses located at the El Dorado

⁴ The General mill levy was increased to accumulate funds for implementation of a new retirement plan for City employees in 2010.

⁵ A portion of the proceeds from the sale of a building was used to pay off two bonds previously issued to construct that facility; this allowed elimination of bond reserve accounts and a decrease in the Debt Service mill levy. This decreased allowed a mill increase in the Airport fund to build funds for the local match of future FAA grant projects and a General mill increase to provide funds to offset a possible decrease in revenues due to the current economic environment.

⁶ The mill increase in the Airport fund to build funds for the local match of future FAA grant projects was no longer needed, so the fund's mill levy was returned to approximately the same level as 2008. The General mill levy was increased due to several businesses were taken off the tax rolls, but the City was not notified of this change. This resulted in an increase in the General which will be reversed in 2011.

⁷ In 2010 several large properties were exempted after the City formally approved the budget, which caused the total levy to increase by 1.993 mills. The City Commission elected to refund taxpayers for this unanticipated increase by decreasing the levy by 4 mills.

City of El Dorado

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Wal-Mart Real Estate	\$2,479,053	1	2.86%	\$1,016,759	4	1.24%
Kansas Gas & Electric	2,312,323	2	2.67%	1,709,180	1	2.09%
Barton Solvents	1,188,258	3	1.37%			---
Kansas Gas Service ¹	1,125,737	4	1.30%	773,161		0.94%
Valmont Industries	1,075,895	5	1.24%			---
Vlavis Enterprises	1,059,685	6	1.22%			---
Central Kansas Properties LLC	729,288	7	0.84%			---
Pioneer Balloon Co	557,885	8	0.64%	874,931	3	1.07%
T Town LLC ⁴	544,417	9	0.63%			---
El Dorado Group II LLC ³	475,801	10	0.55%	347,967	10	0.42%
Southwestern Bell Tele Co	---		---	1,314,244	2	1.60%
Caldwell Internation				496,494	5	0.61%
Butler Rural Electric	---		---	310,843	6	0.38%
Edmund & Barbara Terry	---		---	290,186	7	0.35%
J. Larry Fugate	---		---	291,415	8	0.36%
Western Resources-Gas	---		---	486,352	9	0.59%
Total	\$11,548,342		13.33%	\$7,911,532		9.66%
Total Assessed Value ²	\$86,645,015			\$81,922,304		

Source: Butler County 2017 tax roll

Notes:

¹ Formerly Western Resources - Gas Division

² Includes motor vehicle valuation

³ City of El Dorado is listed as the 9th top tax payer, however it is only because of CID network areas granted for business. We have exempted ourselves.

City of El Dorado
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities					Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Issuance Premiums	Temporary Notes	Capital Leases	General Obligation Bonds	Temporary Notes	US Corps of Engineering Contract	KS Dept of Health & Environment Loans	Capital Leases			
2008	\$ 14,515,687	\$ -	\$ 95,000	\$ -	\$ 1,104,313	\$ -	\$ 5,029,875	\$ 10,762,309	\$ 52,098	\$ 31,559,282	12.43%	\$ 2,506
2009	10,563,021	-	655,000	55,210	991,979	-	43,734,257	10,190,382	171,698	66,361,547	25.35%	5,249
2010	10,028,293	-	4,000,000	-	1,421,707	1,260,000	44,824,478	10,060,824	74,764	71,670,066	25.57%	5,504
2011	14,231,951	-	740,000	-	1,238,049	1,260,000	45,952,878	10,290,701	-	73,713,579	25.87%	5,629
2012	13,066,616	-	-	-	1,048,384	1,260,000	47,120,795	9,955,211	-	72,451,006	27.25%	5,570
2013	16,482,426	-	-	-	2,882,574	-	48,329,613	9,432,748	-	77,127,361	27.84%	6,001
2014	12,826,910	-	-	514,898	2,258,090	-	49,580,764	8,871,227	168,661	74,220,550	26.49%	5,756
2015	15,134,523	248,245	2,548,000	350,230	2,647,477	-	50,875,729	8,294,684	152,693	80,251,581	27.14%	6,223
2016	14,144,023	283,487	2,548,000	1,264,922	8,935,977	-	52,216,045	2,040,170	130,151	81,562,775	26.42%	6,308
2017	12,285,050	252,656	2,548,000	1,063,271	8,329,950	-	53,603,299	2,030,867	-	80,113,093	26.36%	6,173

Notes:

Personal income and population information can be found on the Demographics and Economic Statistics schedule.

Prior year adjustment was made to the US Army Corps of Engineering Contract in 2010 due to new auditor's interpretation of the loan. This changed the Percentage of Personal Income and Debt Per Capita for both 2009 and 2010.

In 2016, KDHE loan 1639 was refinanced with the 2016 bond.

City of El Dorado
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds ¹	Less Debt Service Funds	Net Bonded Debt	Net Bonded Debt Per Capita	Net Bonded Debt to Estimated Actual Value
2008	\$ 15,620,000	\$ 592,941	\$ 15,027,059	\$ 1,189	2.76%
2009	11,555,000 ²	599,126	10,955,874	841.40	1.99%
2010	11,450,000	736,524	10,713,476	818.07	1.96%
2011	15,470,000	796,642	14,673,358	1,128.03	2.72%
2012	14,115,000	749,354	13,365,646	1,036.10	3.45%
2013	19,365,000	586,235	18,778,765	1,461.16	3.46%
2014	15,085,000	88,835	14,996,165	1,162.94	2.86%
2015	17,782,000	1,880,474	15,901,526	1,234.69	2.89%
2016	22,796,513	-	22,796,513	1,762.94	4.15%
2017	20,362,344	151,448	20,210,896	1,557.20	3.58%

Notes: Population and estimated actual value data can be found on the Demographics and Economic Statistics schedule and the Assessed Value and Estimated Actual Value of Taxable Property schedule, respectively.

¹ This is the general bonded debt of both governmental and business-type activates, net of original issuance discounts and premiums.

² The reduction in the General Obligation Debt is due to the City paying off two general obligation bonds from proceeds of the sale of the building for which the bonds were issued.

**City of El Dorado
Direct and Overlapping Debt
December 31, 2017**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Butler County	\$ 6,286,000	12.31%	\$ 773,894
Unified School District No. 490	81,708,000	41.79%	34,146,658
Unified School District No. 375	56,305,000	14.79%	8,325,298
Butler Community College	-	12.31%	-
	<u>\$ 144,299,000</u>		<u>\$ 43,245,851</u>
Direct Debt:			
City of El Dorado Direct Debt	<u>16,148,977</u>		<u>16,148,977</u>
Total direct and overlapping debt	<u><u>\$ 160,447,977</u></u>		<u><u>\$ 59,394,828</u></u>

Source: The debt outstanding was provided by each entity.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property owners of El Dorado. USD 205's tax rates apply to only two businesses, and therefore the estimated share of overlapping debt is not significant and has not been included above.

¹ The percentage of overlapping debt applicable is estimated using assessed valuations. The City of El Dorado's assessed valuation was multiplied by the percentage of property owners in each taxing entity's jurisdiction, and the resulting amount was divided by each entity's assessed valuation.

City of El Dorado **Legal Debt Margin** **Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Valuation	\$ 81,922,304	\$ 82,504,452	\$ 82,506,642	\$ 80,892,544	\$ 82,287,668	\$ 81,690,778	\$ 79,584,768	\$ 81,547,189	\$ 84,417,270	\$ 86,645,015
Assessed Valuation on Motor Vehicles	13,404,428	13,020,077	12,106,043	11,807,736	11,870,038	12,132,153	11,927,805	12,502,945	12,446,756	12,739,283
Total Assessed Valuation ¹	<u>\$ 95,326,732</u>	<u>\$ 95,524,529</u>	<u>\$ 94,612,685</u>	<u>\$ 92,700,280</u>	<u>\$ 94,157,706</u>	<u>\$ 93,822,931</u>	<u>\$ 91,512,573</u>	<u>\$ 94,050,134</u>	<u>\$ 96,864,026</u>	<u>\$ 99,384,298</u>
Legal Debt Limit ²	<u>\$ 28,598,020</u>	<u>\$ 28,657,359</u>	<u>\$ 28,383,806</u>	<u>\$ 27,810,084</u>	<u>\$ 28,247,312</u>	<u>\$ 28,146,879</u>	<u>\$ 27,453,772</u>	<u>\$ 28,215,040</u>	<u>\$ 29,059,208</u>	<u>\$ 29,815,289</u>
Bonded Indebtedness	\$ 15,620,000	\$ 11,555,000	\$ 11,450,000	\$ 15,470,000	\$ 14,115,000	\$ 19,365,000	\$ 15,085,000	\$ 17,782,000	\$ 22,790,000	\$ 20,615,000
Temporary Notes	95,000	655,000	4,000,000	2,000,000	1,260,000	-	-	2,548,000	2,548,000	2,548,000
Total Debt	<u>15,715,000</u>	<u>12,210,000</u>	<u>15,450,000</u>	<u>17,470,000</u>	<u>15,375,000</u>	<u>19,365,000</u>	<u>15,085,000</u>	<u>20,330,000</u>	<u>25,338,000</u>	<u>23,163,000</u>
Less:										
Assets in Debt Service Fund	\$ 592,941	\$ 599,126	\$ 736,524	\$ 796,642	\$ 749,354	\$ 586,235	\$ 88,835	\$ 1,880,474	\$ -	\$ 151,448
Exempted Debt (KSA 10-309)-G.O. Bonds	3,853,726	4,034,440	4,658,939	5,256,448	4,733,138	7,256,969	6,612,762	8,315,990	15,499,604	13,724,756
Exempted Debt (KSA 10-309)-Temporary Notes	-	-	-	1,711,400	1,260,000	-	-	-	1,462,042	1,462,042
Waterworks Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Sewer System Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Deductions	<u>4,446,667</u>	<u>4,633,566</u>	<u>5,395,463</u>	<u>7,764,490</u>	<u>6,742,492</u>	<u>7,843,204</u>	<u>6,701,597</u>	<u>10,196,464</u>	<u>16,961,646</u>	<u>15,338,246</u>
Total Amount Applicable to Debt Limit	<u>11,268,333</u>	<u>7,576,434</u>	<u>10,054,537</u>	<u>9,705,510</u>	<u>8,632,508</u>	<u>11,521,796</u>	<u>8,383,403</u>	<u>10,133,536</u>	<u>8,376,354</u>	<u>7,824,754</u>
Legal Debt Margin	<u>\$ 17,329,687</u>	<u>\$ 21,080,925</u>	<u>\$ 18,329,269</u>	<u>\$ 18,104,574</u>	<u>\$ 19,614,804</u>	<u>\$ 16,625,083</u>	<u>\$ 19,070,369</u>	<u>\$ 18,081,504</u>	<u>\$ 20,682,854</u>	<u>\$ 21,990,535</u>
Legal Debt Margin as a percentage of the Debt Limit	60.60%	73.56%	64.58%	65.10%	69.44%	59.07%	69.46%	64.08%	71.17%	73.76%

Notes:

¹ Computed in accordance with KSA 10-310.

² 30% of Assessed Valuation (KSA 10-308).

**City of El Dorado
Revenue Bond Coverage
Waterworks System Revenue Bonds
Last Ten Fiscal Years**

Fiscal Year	Gross Revenue	Less: Operating Expenses ¹	Net Available Revenue	Principal Requirements ²	Interest Requirements ²	Total	Coverage
2008	\$ 3,988,284	\$ 2,271,883	\$ 1,716,401	-	-	-	N/A
2009	3,615,955	2,648,132	967,823	-	-	-	N/A
2010	4,064,826	2,418,809	1,646,017	-	-	-	N/A
2011	4,590,919	2,705,438	1,885,481	-	-	-	N/A
2012	4,269,918	2,469,957	1,799,961	-	-	-	N/A
2013	3,583,458	2,692,350	891,108	-	-	-	N/A
2014	4,723,423	2,666,306	2,057,117	-	-	-	N/A
2015	4,058,266	2,725,037	1,333,229	-	-	-	N/A
2016	4,581,166	2,993,801	1,587,365	-	-	-	N/A
2017	4,395,833	2,492,503	1,903,330	-	-	-	N/A

Notes:

¹ Excludes capital depreciation.

² Bond ordinance provides that computation is for the succeeding year's debt service requirements. All bonds were fully retired prior to December 31, 2007.

City of El Dorado
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population¹	Personal Income	Per Capita Personal Income²	Unemployment Rate³
2008	12,643	\$ 261,785,958	\$ 20,706	4.1%
2009	13,021	\$ 280,250,983	\$ 21,523	7.2%
2010	13,096	\$ 284,942,768	\$ 21,758	8.3%
2011	13,008	\$ 284,937,902	\$ 20,306	7.7%
2012	12,900	\$ 265,866,458	\$ 20,509	6.6%
2013	12,852	\$ 277,012,008	\$ 21,554	6.7%
2014	12,895	\$ 280,178,986	\$ 22,677	5.4%
2015	12,879	\$ 295,672,571	\$ 22,903	4.3%
2016	12,931	\$ 299,117,807	\$ 23,132	4.4%
2017	12,979	\$ 303,975,493	\$ 23,421	3.2%

Sources:

¹ Population estimates, with the exception of 2011, are taken from the Kansas Division of the Budget. The most recent year was estimated based on the average growth rate of the previous 5 years.

² Estimate based on Claritas software information obtained through Wichita State University's Economics Department. The software utilizes census data and estimates rates of change in median household income, first for large areas, then for progressively smaller areas. Per capita personal income is derived from the resulting income distributions.

³ Bureau of Labor Statistics. Rate is for Butler county, as unemployment rate information is not available for El Dorado.

**City of El Dorado
Principal Employers
Current Year and Nine Years Ago**

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
HollyFrontier Corporation ²	473	1	7.86%	413	3	6.58%
USD #490 ¹	447	6	7.43%	900	1	14.33%
Butler Community College	436	3	7.25%	403	4	6.42%
El Dorado Correctional Facility	431	2	7.16%	467	2	7.44%
Susan B. Allen Memorial Hospital	368	4	6.12%	310	6	4.94%
Butler County Government	349	5	5.80%	367	5	5.84%
Pioneer Balloon	225	8	3.74%	200	8	3.19%
C-Tech ³	149	7	2.48%	250	7	3.98%
Walmart	137	10	2.28%	190	9	3.03%
City of El Dorado	128	9	2.13%	132	10	2.10%
Total	3,143		52.24%	3,632		57.84%
 Total Employment ⁴	 6,016			 6,279		

Source: City of El Dorado Survey of Employers

Notes:

¹ USD 490 previously included Butler County Special Cooperative Employees. In 2014, the school district split from the Coop.

² Formerly Texaco Refining & Marketing, Equilon Enterprises, and El Dorado Frontier Refinery.

³ Formerly Blackburn Construction.

⁴ Estimated using Butler County's percentage of the population in the labor force and percentage of the labor force employed, based on data obtained from the Bureau of Labor Statistics.

City of El Dorado

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administration	1	1	1	1	1	1	1	1	1	1
CVB	0	0	0	0	0	1	1	2	2	2
Airport	1	1	1	1	1	1	1	1	1	1
Engineering	4	4	4	4	4	4	4	4	4	4
Legal/Judicial	3	3	3	3	4	3	3	2	2	2
Public Safety										
Police	28	28	28	29	29	29	27	28	26	25
Fire	17	17	17	16	17	17	17	17	17	17
Building/Zoning	2	2	2	2	3	3	3	2	2	2
Public Works										
Public Works	6	7	7	7	7	7	8	10	6	6
Major Street Improvements	10	9	10	10	15	12	6	6	12	12
Culture/Recreation										
Park Maintenance	1	2	3	3	4	2	2	2	2	2
Recreation	4	6	3	6	7	7	8	10	10	10
Health & Sanitation										
Health & Sanitation	2	2	2	2	2	2	2	2	2	2
Cemetery	2	2	2	2	2	2	2	2	2	2
Water	18	18	19	18	18	18	17	16	17	16
Sewer	5	5	6	6	6	6	6	6	5	5
Refuse	17	16	16	16	12	10	10	11	8	8
Stormwater	0	2	2	2	2	2	2	2	1	1
Data Processing	11	12	12	12	11	11	12	13	11	10
Total	132	137	138	140	145	138	132	137	131	128

Source: City Budget Office

In 2008, the Code Enforcement Officer was moved from the Building/Zoning Department to the Public Works Department. Upon the vacancy of the City Attorney position, the duties were again combined with the City Prosecutor, reinstating the former dual role. A new Finance Assistant position was hired in Data Processing. The Airport Manager and the Senior Center positions, formerly contract laborers, were rehired as employees.

In 2009, a Refuse position moved to Public Works which increased Public Works and decreased Refuse by one position. A new Stormwater department was formed with two positions. One of those positions was filled with a Major Street Improvements employee which decreased Major Street Improvements by one position. In Park Maintenance, a vacant position was filled. In Recreation, two positions were added when the City purchased the American Legion Golf Course. Data Processing increased by one when a new Human Resource position was created.

In 2010, Refuse reallocated a position to Major Street Improvements increasing Major Street Improvements by one. The City hired Kemper Management to manage the American Legion Golf Course purchased in 2009. Two of the employees hired in 2009 in Recreation went to work for Kemper decreasing Recreation by two. A Recreation position moved to Park Maintenance which increased Park Maintenance and decreased Recreation by one position. Both Water and Sewer added an employee.

In 2011, the Police Department had three officers retire and only replaced one. Two firefighter positions were vacant at the end of the year, however, were planned to be filled in early 2012. Two positions in Major Street Improvements became vacant and only one was filled. A new Recreation Leader position was created, and Kemper Management returned the operation of Prairie Trails in November, which increased Recreation by four positions. The Water Department had one vacant position at the

In 2013, the Convention and Visitor's Bureau was transferred from El Dorado Inc. to the City. There was one employee in that department as of December 31, 2013 and plans to add a part time employee in 2014. Also, the judge's position was changed from full-time to contract.

In 2015, the Code Enforcement Officer was transferred from the Building Department to the Police Department and trained as an officer. The FTE's from Prairie Trails and Forestry are included in the Recreation number.

In 2017, the Police Department and Public Utilities Department struggled to maintain a full staff. Data Processing eliminated the position of Administrative Assistant to the City Manager.

City of El Dorado

Operating Indicators by Function

Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Municipal Court										
Citations Issued	3,687	3,616	3,870	3,612	4,304	3,841	3,575	3,201	4,004	3,218
Warrants Issued	292	170	301	150	182	341	376	281	354	379
Warrants Served	198	127	227	202	235	409	362	334	408	395
Airport										
Fuel Sales (gallons)	17,101	24,380	18,523	18,461	19,210	30,880	31,001	31,192	29,154	25,068
Fire										
Total Number of Incidents	1,285	1,380	1,238	1,263	1,295	1,299	1,302	1,298	1,110	1,382
Fire Calls	129	158	122	187	180	109	180	153	153	157
Rescue & Emergency Medical Calls	752	768	719	662	787	781	743	749	677	759
Hazardous Materials Calls	65	107	77	69	40	89	54	81	69	52
Inspections	1,145	1,104	1,156	1,218	1,094	1,026	925	725	539	758
Hydrants Tested	406	567	705	695	782	720	735	1,390	1,546	678
Police										
Criminal Violations Reported	1,668	1,516	1,383	1,350	1,532	1,442	1,523	826	2,610	1,132
Traffic Accidents	481	387	307	275	237	117	311	342	344	318
DUI Arrests	94	89	80	72	77	98	60	53	47	37
Building & Zoning										
New Residential Construction Permits	22	15	17	5	7	4	10	12	9	20
New Commercial Construction Permits	4	6	14	8	5	5	1	6	5	6
Street Operations										
Streets Swept (Curb Miles)	4,406	3,744	4,619	3,747	4,167	3,798	3,941	4,215	4,351	4,425
Animal Control										
Animal Licenses	1,480	1,500	1,477	1,432	1,579	1,606	1,654	1,751	1,263	1,344
Animal Control Calls	984	979	1,575	987	1,602	1,883	1,904	1,883	1,722	2,132
Animal Citations	196	163	162	125	220	207	247	332	234	294
Cemetery										
Burials	138	135	162	138	128	130	127	135	104	114
Parks and Recreation										
Youth Soccer Participants	259	218	170	202	294	345	366	387	436	416
Swimming Pool Attendance	15,567	18,569	20,179	21,299	21,174	19,284	16,590	14,560	12,892	12,255
Youth Baseball/Softball Participants	369	324	385	407	580	827	703	680	745	502
Youth Basketball Participants	145	114	114	172	172	287	260	271	211	189
Youth Volleyball Participants	222	295	311	305	378	407	350	331	281	243
Adult Softball Teams	27	21	24	25	19	17	16	17	17	8
Adult Flag Football Teams	5	8	9	9	5	4	4	10	0	0
Adult Basketball Teams	7	5	8	8	12	9	8	6	8	5
Adult Volleyball Teams	29	26	33	32	22	21	22	22	23	20
Youth Flag Football	0	0	0	0	0	0	0	0	0	91
Water										
New Meters	32	19	26	11	19	17	5	17	30	6
Treated Water Pumped (millions of gallons)	1,159	1,153	1,200	1,329	1,350	1,223	1,254	1,189	1,166	1,191
Water Distribution Service Calls	303	289	256	275	336	251	236	242	243	199
Water Leaks Repaired	100	33	70	93	94	58	40	52	26	30
Sewer										
Sewer Maintenance Service Calls	506	326	203	263	230	244	208	222	215	187
Refuse										
Refuse Collected (tons)	6,852	6,478	6,392	6,255	6,237	8,946	8,125	8,875	8,763	9,653
Recycling Material (tons)	1,553	1,286	1,469	1,637	1,731	1,956	1,845	1,265	1,304	1,083
Yardwaste Collected (tons)	4,500	4,600	4,500	4,500	4,000	3,800	4,000	4,000	4,000	4,000

Source: Various City Departments

Note: Refuse collected now includes residential, commercial and roll off containers. Prior to 2013 it only included residential and commercial.
 Airport sales went up because of crop dusting businesses using our airport to fuel.

**City of El Dorado
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Square Miles of the City	8.10	8.10	8.1	8.1	8.1	9.1	9.1	9.14	9.1	9.1
Fire										
Stations	1	1	1	1	2	2	2	2	2	2
Paid Firefighters	17	17	17	17	17	17	17	17	17	17
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police Officers	28	28	28	28	27	27	28	27	26	25
Street Operations										
Miles of Paved City Streets	79.98	79.98	82.2	82.2	82.2	83.77	84.65	85.06	85.06	85.06
Miles of Unpaved City Streets	2.89	2.89	2.89	2.89	2.89	2.89	2.89	2.89	2.89	2.89
Traffic Operations										
Traffic Signals	13	13	13	13	13	13	14	14	14	14
Parks and Recreation										
Swimming Pools	1	1	2	2	2	2	2	2	2	² 1
Activity Center	1	1	1	1	1	1	1	1	1	1
Ball Diamonds	9	9	9	9	10	12	12	12	12	12
Soccer Fields	6	6	6	6	6	6	6	6	6	6
Water										
Water Mains (miles)	104.34	104.63	106.85	106.85	106.85	¹ 122.7	123.20	124.10	124.10	124.10
Elevated Storage Capacity (millions of gallons)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Underground Storage Capacity (millions of gallons)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Storage Space -El Dorado Reservoir (MGD)	22.20	22.20	22.20	22.20	22.20	22.20	50.00	50.00	50.00	50.00
Sewer										
Sanitary Sewers (miles)	53.36	53.41	53.94	53.94	53.94	¹ 90.8	91.30	92.00	92.00	92.00

Source: Various City Departments

¹ Note: Indicators are not available for the general government & administration functions. The increase in Water Mains and Sanitary Sewers is due to the more accurate numbers provided by the GIS system.

² Note: The Prairie Trails pool was filled in due to lack of attendance and desire to maintain a failing structure.

CITY OF EL DORADO, KANSAS
SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2017

Finding 2017-001 – Significant Deficiency (Prior Year Finding 2016-001 – Significant Deficiency)

Condition – During the course of our audit, we identified significant adjustments to the trial balance that were not initially identified by the City’s internal control structure.

Criteria – The financial statements are the responsibility of management. As such, the City’s internal control over the financial statements should identify misstatements.

Cause – Inappropriate application of generally accepted accounting principles.

Effect – There is the potential that the financial statements may be materially misstated.

Recommendation – We recommend that the City review its trial balance at year-end to ensure that all adjustments have been made.

Management’s Response (Unaudited) – City staff will review the trial balance at year end to ensure that all adjustments have been made in accordance with generally accepted accounting principles.

Corrective Action Plan (Unaudited) – City staff will review revenues and expenses and the balance sheet accounts to ensure proper reporting.

CITY OF EL DORADO, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Year Ended December 31, 2017

Finding 2016-001 – Significant Deficiency

Condition – During the course of our audit, we identified significant adjustments to the trial balance that were not initially identified by the City’s internal control structure.

Criteria – The financial statements are the responsibility of management. As such, the City’s internal control over the financial statements should identify misstatements.

Cause – Inappropriate application of generally accepted accounting principles.

Effect – There is the potential that the financial statements may be materially misstated.

Recommendation – We recommend that the City review its trial balance at year-end to ensure that all adjustments have been made.

Management’s Response (Unaudited) – City staff will review the trial balance at year end to ensure that all adjustments have been made in accordance with generally accepted accounting principles.

Corrective Action Plan (Unaudited) – City staff will review revenues and expenses and the balance sheet accounts to ensure proper reporting.

Follow-up – This finding is repeated in the current year.



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Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, City Manager and City Commissioners
City of El Dorado, Kansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Dorado, Kansas (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2017-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berberich Trahan & Co., P.A.

June 20, 2018
Topeka, Kansas